



Presentation to Standard and Poor's

Merced Designated Local Authority As Successor Agency to the Redevelopment Agency of the City of Merced

2015 Tax Allocation Refunding Bonds

June 18, 2015



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The background image shows a large, light-colored building with a gabled roof, partially obscured by several tall palm trees. To the left, a flagpole stands with a flag. In the foreground, there is a dense, green, leafy bush. A traffic light pole is visible on the left side of the frame. The overall scene appears to be an outdoor setting, possibly a campus or a public area.

General Information

Financing Team

ISSUER

Merced Designated Local Authority As Successor Agency To The Redevelopment Agency of the City of Merced

- Chris Jicha, DLA Staff
- Joy Otsuki, DLA General Counsel

FINANCIAL ADVISOR

Kosmont Transactions Services

- Dan Massiello, Senior Managing Director
- Brian Moncrief, Managing Director
- Jonathan Dieguez, Managing Director
- Fernando Sanchez, Project Analyst

BOND COUNSEL

The Weist Law Firm

- Cameron A. Weist, Esq.

UNDERWRITER

Southwest Securities

- Mike Cavanaugh, Senior Vice President
- Todd Smith, Senior Vice President

UNDERWRITER COUNSEL

Nixon Peabody LLP

- Rudy S. Salo, Partner

Executive Summary

- ▶ The Successor Agency to the Redevelopment Agency of the City of Merced (the “Agency”) is currently undertaking the issuance of approximately \$16 million of 2015 Tax Allocation Refunding Bonds (the “Refunding Bonds”)
- ▶ Refunding of:
 - ▶ 2001A Tax Allocation Bonds, Gateways Project Area
 - ▶ 2009A Tax Allocation Bonds, Gateways Project Area
- ▶ Annual debt service savings estimated at \$100,000
- ▶ The Refunding Bonds will be secured by an upfront RPTTF pledge
- ▶ Approximate 2x’s annual coverage

Designated Local Authority

Designated Local Authority (“DLA”)

- ▶ Authorized under the Dissolution Act to serve as Successor Agency should cities elect not to serve
- ▶ City of Merced elected not to serve as Successor Agency
- ▶ DLA governed by 3 member board appointed by Governor of California
- ▶ Ambiguities and lack of direction from AB x1 26 resulted in impairments to DLA until late in 2012
 - ▶ DLA has since operated effectively for the past two years

Community Overview



City of Merced Community Overview

The City

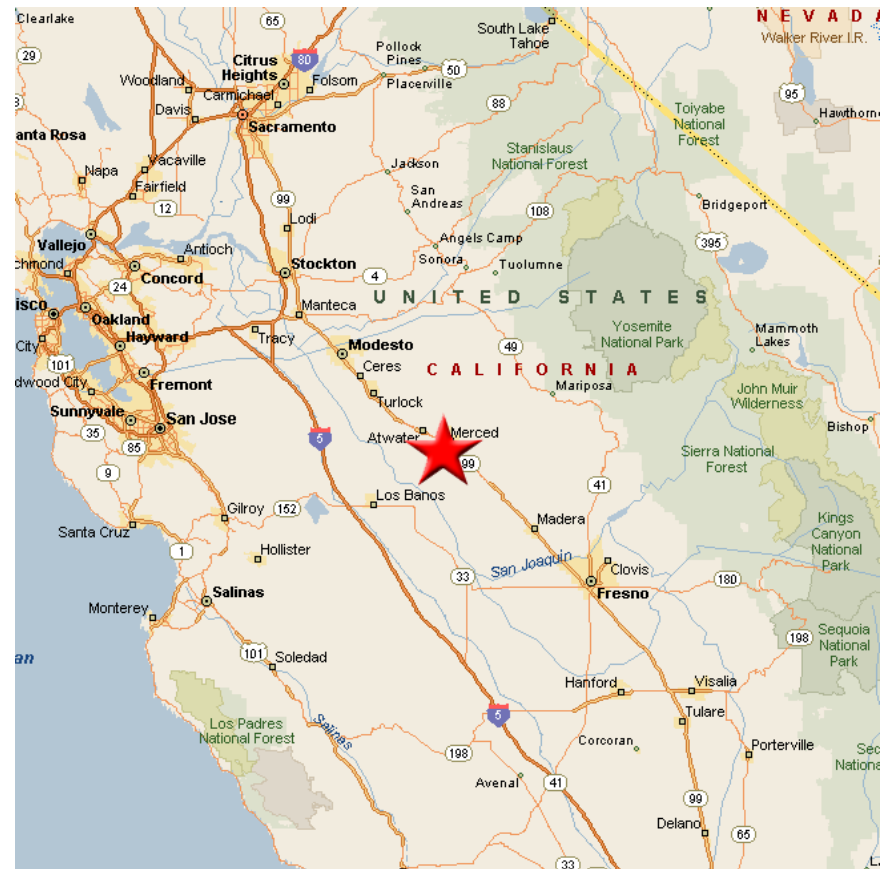
- ▶ Incorporated in 1889
- ▶ Operates as a charter city
- ▶ Merced County seat
- ▶ 13 square miles
- ▶ 81,130 population

Location

- ▶ Located in the San Joaquin Valley
- ▶ Located at the intersection of Highway 99 and Highway 140
- ▶ Known as the “Gateway to Yosemite”
- ▶ Approximately 70 miles southwest of Yosemite National Park

Employment/Wealth Levels

- ▶ Median Household Income: \$38,253
- ▶ Income per Capita: \$17,331
- ▶ Unemployment Rate: 8.9%



Economic Base Summary



► Major sectors of employment in the Area:

- Government
- Education
- Healthcare
- Retail
- Agriculture

County of Merced Principal Employers	
<u>Employer Name</u>	<u># of Employees</u>
Foster Farms Inc.	3,710
UC Merced	1,879
Merced County	1,821
Mercy Medical Center	1,255
Merced County Office of Education	1,254
Merced City School District	1,070
Dole Packaged Foods	1,000
Merced Union HSD	982
Merced CCD	832
Liberty Packing Company	650



Economic Development

City of Merced Taxable Sales History

Year	Retail Permits	Retail Stores Taxable Transactions (\$mil)	Total Permits	Total Outlets Taxable Transactions (\$mil)
2009	905	\$694	1,332	\$826
2010	934	715	1,370	843
2011	954	749	1,359	884
2012	1,016	795	1,441	942
2013	1,017	818	1,427	973

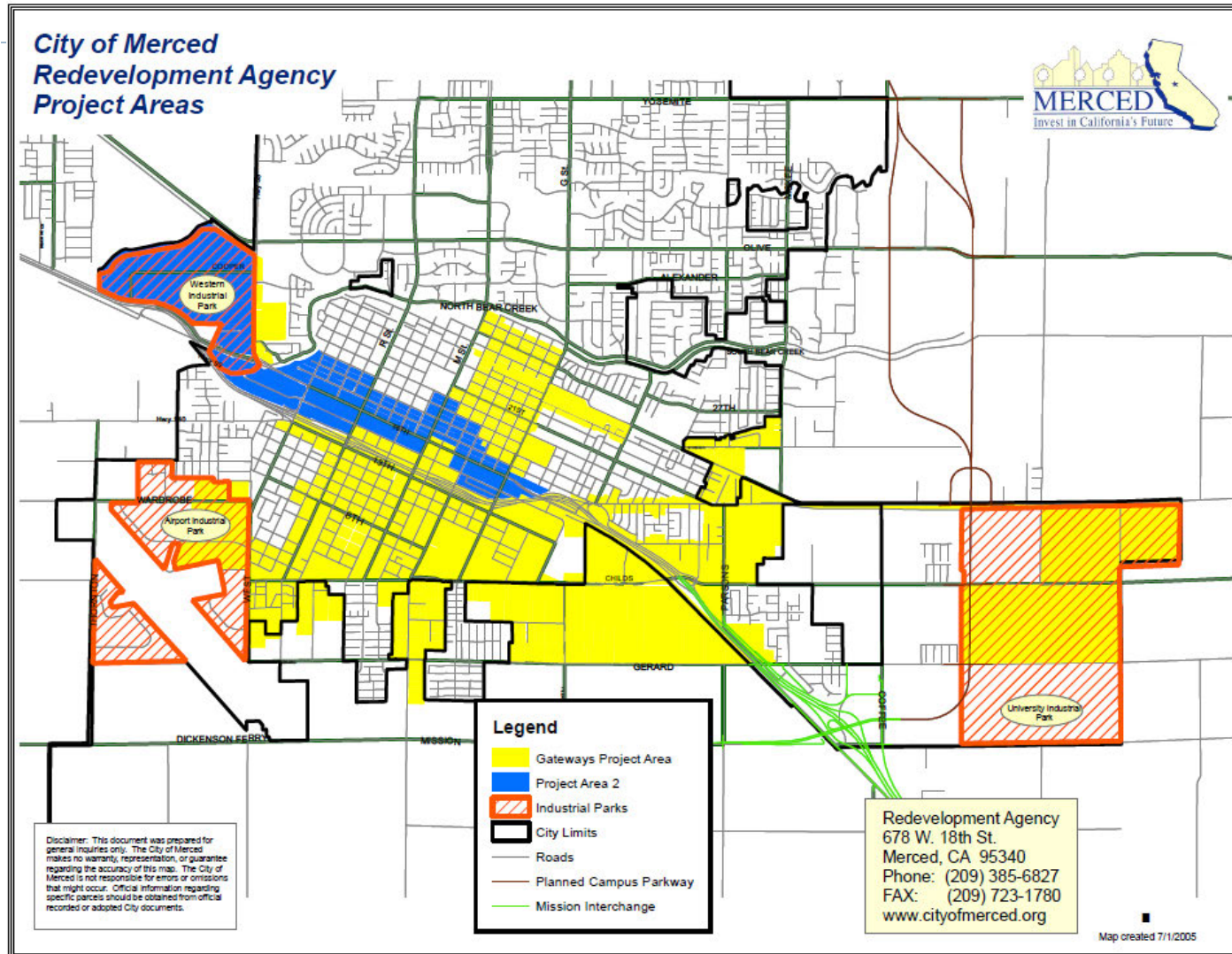
City of Merced Building Permit Valuations (\$000's)

	2009	2010	2011	2012	2013
Residential	\$3,247	3,609	0	2,529	1,331
Non-Residential	13,478	6,210	2,840	5,649	1,639
Total	16,725	9,819	2,840	8,178	2,970
SF Units	15	47	0	0	0
MF Units	0	2	0	0	49
Total	15	49	0	0	49

A photograph of the Merced Theatre building, a white Art Deco style structure with a prominent tower topped by a red-tiled conical roof. The word "MERCED" is written in large red letters on the tower. The main entrance features a marquee with the text "MERCED THEATRE" and "Art Center". Below the marquee, there are signs for "MERCED SYMPHONY POPS CONCERT JAN 25" and "NEW HALLS CONCERT THURS FEB 1". The building is situated on a street corner with traffic lights and a few cars parked along the curb. The sky is clear and blue.

Combined Project Area Overview

Map of Project Areas



Combined Project Areas Land Use Breakdown

Land Use	# of Parcels	Secured AV(1)	% of Value
Commercial	572	341,251,626	39.18%
Industrial	77	258,021,566	29.62%
Residential	2,747	243,644,879	27.97%
Vacant Land	244	22,015,092	2.53%
Agricultural	14	3,099,252	0.36%
Institutional	46	2,344,016	0.27%
Governmental	16	629,825	0.07%
Miscellaneous	10	77,077	0.01%
Total	3,726	871,083,333	100.00%
(1) AV net of applicable exemptions			

Combined Project Areas Largest Taxpayers for 2014/15

	Taxpayer Name	Land Use	Assessed Value	% of Total AV	% of Increm. AV
1	World Color LLC*	Industrial	\$110,667,264	11.05%	18.34%
2	Scholle Corporation	Industrial	35,383,850	3.53%	5.86%
3	Safeway Inc	Industrial	26,878,740	2.68%	4.45%
4	Comast Inc*	Unsecured	23,974,355	2.39%	3.97%
5	Costco Wholesale Corp	Commercial	21,827,195	2.18%	3.62%
6	Razzari Timothy F & Billie K Co-Trustees	Commercial/Unsecured	11,915,809	1.19%	1.97%
7	Playa Merced LLC	Commercial	11,510,258	1.15%	1.91%
8	Wal-Mart Stores East LP	Industrial	9,990,998	1.00%	1.66%
9	Greif Containers Inc	Industrial	9,662,996	0.97%	1.60%
10	Encina Investment Group Mainplace Merced LLC	Commercial	9,315,510	0.93%	1.54%
	Subtotal		\$271,126,975	27.08%	44.94%
	Total Incremental AV		\$603,341,727		
	Total AV		\$1,001,127,057		

* Assessment appeals currently pending

Combined Project Areas AV Appeals

FISCAL YEAR	2009-10	2010-11	2011-12	2012-13	2013-14
Project Area Total Assessed Value	\$1,193,583,872	\$1,094,718,225	\$1,008,976,645	\$952,235,111	\$943,587,922
Project Area Incremental Assessed Value	\$795,798,542	\$696,932,895	\$611,191,315	\$554,449,781	\$545,802,592
APPEALS SUMMARY					
Successful/Stipulated Appeals	3	10	11	6	5
Denied/Withdrawn Appeals	27	15	18	18	5
Pending Appeals	3	1	4	4	7
Total Appeals	33	26	33	28	17
ALL APPEALS (STIPULATED, DENIED/WITHDRAWN, PENDING)					
Assessed Value of All Appeals	\$300,030,222	\$237,642,310	\$101,059,675	\$171,449,182	\$155,307,416
% of Total AV	25%	22%	10%	18%	16%
% of Incremental AV	38%	34%	17%	31%	28%
RESOLVED APPEALS ANALYSIS (STIPULATED, DENIED/WITHDRAWN APPEALS)					
Assessor's Roll Value	\$299,042,093	\$236,747,310	\$81,137,873	\$153,213,318	\$27,655,368
Applicant Opinion of Value	\$154,188,684	\$111,083,750	\$46,165,242	\$97,048,805	\$10,983,853
Total Requested Reduction Amount	\$144,853,409	\$125,663,560	\$34,972,631	\$56,164,513	\$16,671,515
% of Total AV	12.14%	11.48%	3.47%	5.90%	1.77%
% of Incremental AV	18.20%	18.03%	5.72%	10.13%	3.05%
SUCCESSFUL APPEALS					
Total Requested Reduction Amount	\$144,853,409	\$125,663,560	\$34,972,631	\$56,164,513	\$16,671,515
Total Granted Reduction Amount	\$54,869,032	\$54,894,992	\$6,496,788	\$1,962,833	\$979,513
Granted Reduction %	37.88%	43.68%	18.58%	3.49%	5.88%
% of Total AV	4.60%	5.01%	0.64%	0.21%	0.10%
% of Incremental AV	6.89%	7.88%	1.06%	0.35%	0.18%
PENDING ASSESSMENT APPEALS					
Assessor's Roll Value	\$988,129	\$895,000	\$19,921,802	\$18,235,864	\$127,652,048
Applicant Opinion of Value	\$803,000	\$500,000	\$1,953,505	\$6,197,571	\$68,320,489
Total Requested Reduction Amount	\$185,129	\$395,000	\$17,968,297	\$12,038,293	\$59,331,559
% of Total AV	0.02%	0.04%	1.78%	1.26%	6.29%
% of Incremental AV	0.02%	0.06%	2.94%	2.17%	10.87%
POTENTIAL IMPACT TO TAX INCREMENT REVENUES					
Prorated Share of Total Requested AV Reduction ¹	\$138,202	\$359,259	\$16,159,978	\$10,737,306	\$52,574,962
Est. Pending Reduction in Property Tax Revenues ²	\$1,382	\$3,593	\$161,600	\$107,373	\$525,750

¹Assumes 100% of the requested reduction amount is granted

²Based on the application of the 1% general levy

Source: County Assessor

Combined Project Areas Actual Receipts

- ▶ The Project Areas are part of the County Teeter Plan

Fiscal Year	Incremental Value	Estimated TI	Actual TI
2009-10	\$795,798,542	\$7,957,985	\$8,076,655
2010-11	696,932,895	6,969,329	6,951,152
2011-12	611,191,315	6,111,913	6,531,295
2012-13	554,449,781	5,544,498	5,738,870
2013-14	545,802,592	5,458,026	5,907,267
2014-15	603,341,727	6,033,417	n.a.

Outstanding Bonds



Outstanding Debt

	1999A	2001A	2003A	2009A
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt
Project Area	PA #2	Gateways	PA #2	Gateways
Security	Non-Housing	Non-Housing	Non-Housing	Housing & Non-Housing
Par Value	24,220,000	2,400,000	9,007,825.20	13,120,000
Current Outstanding Par	1,910,000	1,830,000	7,692,825.20	12,210,000
Reserve Fund	Cash	Cash	Cash	Cash
Issuance Date	3/25/1999	12/11/2001	5/29/2003	5/28/2009
Final Maturity	12/1/2015	9/1/2031	12/1/2023	9/1/2039
Optional Redemption	Current Par Call	Current Par Call	Non-Callable	2019 Par Call

- ▶ The Series 1999A and 2003A Bonds will remain outstanding and are paid from Project Area No. 2 revenues prior to the Refunding Bonds
- ▶ The Series 2001A and 2009A Bonds will be refunded

Proposed Refunding



The Refunding Opportunity

▶ Refund Series 2001A and 2009A TABs

- ▶ 2001A TABs are all callable at par
- ▶ 2009A TABs are callable at par in 2019

Purpose	Refund Series 2001A and 2009A TABs
Structure	2015 Refunding will be fully amortizing from 2015 to 2039
Security	Paid from RPTTF. The existing Series 1999A and 2003A TABs have priority on Project Area No. 2 revenues.
Reserve Fund	Standard three-pronged DSR test to be satisfied with a Surety Bond
Debt Service Coverage	Approximately 2x coverage
Parity Bonds	No additional parity bonds other than for refunding purposes
ROPS & Flow of Funds	Agency will include full debt payment on ROPS B (January 2 nd) disbursement schedule.

Summary of Overall Refunding Benefits

Potential 2015 Refunding	
Total Cash Flow Savings	\$2,410,795
Average Annual Cash Flow Savings	\$100,000
Total Present Value Savings	\$1,595,903
Par Value	\$15,315,000
Principal Refunded	\$14,040,000
Assumed Closing Date	July 28, 2015
Current Interest Rate	6.35%
All-In True Interest Cost on Refinancing	4.22%

Refunding Bonds Debt Service & Savings

Bond Year	Prior D/S	Prior Funds	Prior Net D/S	Refunding D/S	Savings	PV Savings @ Arb Yield
9/1/2015	\$ 707,373	\$ (707,373)	\$ -	\$ -	\$ -	\$ -
9/1/2016	1,131,786		1,131,786	1,025,085	106,701	102,581
9/1/2017	1,141,911		1,141,911	1,035,888	106,024	99,833
9/1/2018	1,135,636		1,135,636	1,032,388	103,249	93,610
9/1/2019	1,138,819		1,138,819	1,033,988	104,831	91,466
9/1/2020	1,130,871		1,130,871	1,024,788	106,084	89,077
9/1/2021	1,132,376		1,132,376	1,025,288	107,089	86,580
9/1/2022	1,131,846		1,131,846	1,024,538	107,309	83,542
9/1/2023	1,125,119		1,125,119	1,022,538	102,581	76,988
9/1/2024	1,137,169		1,137,169	1,034,288	102,881	74,352
9/1/2025	1,131,805		1,131,805	1,029,038	102,768	71,521
9/1/2026	1,134,000		1,134,000	1,030,138	103,863	69,500
9/1/2027	1,129,313		1,129,313	1,024,825	104,488	67,233
9/1/2028	1,133,088		1,133,088	1,028,213	104,875	64,892
9/1/2029	1,129,725		1,129,725	1,025,788	103,938	61,854
9/1/2030	1,134,513		1,134,513	1,030,938	103,575	59,278
9/1/2031	1,130,738		1,130,738	1,025,038	105,700	58,136
9/1/2032	1,114,725		1,114,725	1,007,488	107,238	56,689
9/1/2033	1,110,850		1,110,850	1,003,613	107,238	54,493
9/1/2034	1,109,375		1,109,375	1,003,800	105,575	51,575
9/1/2035	1,104,975		1,104,975	1,000,800	104,175	48,921
9/1/2036	1,112,650		1,112,650	1,006,600	106,050	47,846
9/1/2037	1,106,425		1,106,425	1,000,800	105,625	45,787
9/1/2038	1,111,950		1,111,950	1,008,800	103,150	42,960
9/1/2039	1,118,250	(1,122,458)	(4,208)	-	(4,208)	(1,411)
	\$ 27,725,287	\$ (1,829,831)	\$ 25,895,456	\$ 23,484,660	\$ 2,410,795	\$ 1,597,303

Tax Increment Projection Assumptions

- ▶ The Fiscal Consultant has prepared a forecast of assessed values and tax increment revenues pledged to repayment of the Refunding Bonds
- ▶ Assumptions:
 - ▶ 1% growth in total assessed value
 - ▶ No growth in unitary utility revenue
 - ▶ Gross TI Revenue based upon a 1% tax rate
 - ▶ County charges estimated at 4% of gross TI Revenue
 - ▶ Pass Thrus are subordinate to Refunding Bonds
 - ▶ The Agency is on the Teeter Plan

RPTTF Revenues and Coverage – Projected Growth Scenario

Fiscal Year	Gateways Gross Tax Revenues ¹	PA2 Gross Tax Revenues ¹	TOTAL RPTTF Deposits	County Charges ²	Available for Debt Service	PA2 Debt Service	Refunding Bonds Debt Service ^{3,4}	Total Debt Service	Debt Service Coverage ⁴	Gateways Statutory Pass Thrus	Available RPTTF for Other ROs
2014-15	\$1,654,276	\$4,682,321	\$6,336,597	\$253,464	\$6,083,133	\$2,244,975	\$1,095,140	\$3,340,115	1.82x	\$354,163	\$2,388,855
2015-16	1,704,131	4,731,583	6,435,714	257,429	6,178,285	2,110,000	1,085,700	3,195,700	1.93x	369,538	2,613,048
2016-17	1,754,484	4,781,338	6,535,822	261,433	6,274,389	2,110,000	1,094,600	3,204,600	1.96x	388,068	2,681,721
2017-18	1,805,341	4,831,590	6,636,931	265,477	6,371,454	2,110,000	1,087,900	3,197,900	1.99x	406,783	2,766,771
2018-19	1,856,706	4,882,345	6,739,052	269,562	6,469,490	2,110,000	1,091,050	3,201,050	2.02x	425,685	2,842,754
2019-20	1,908,585	4,933,608	6,842,193	273,688	6,568,505	2,110,000	1,084,650	3,194,650	2.06x	444,777	2,929,079
2020-21	1,960,983	4,985,383	6,946,366	277,855	6,668,511	2,110,000	1,087,850	3,197,850	2.09x	464,059	3,006,602
2021-22	2,013,905	5,037,676	7,051,581	282,063	6,769,518	2,110,000	1,085,250	3,195,250	2.12x	483,534	3,090,733
2022-23	2,067,356	5,090,492	7,157,848	286,314	6,871,534	2,110,000	1,077,500	3,187,500	2.16x	503,204	3,180,829
2023-24	2,121,342		2,121,342	84,854	2,036,488	0	1,089,000	1,089,000	1.87x	523,071	424,417
2024-25	2,175,867		2,175,867	87,035	2,088,832	0	1,083,750	1,083,750	1.93x	543,136	461,946
2025-26	2,230,938		2,230,938	89,238	2,141,700	0	1,087,500	1,087,500	1.97x	563,402	490,798
2026-27	2,286,559		2,286,559	91,462	2,195,097	0	1,084,750	1,084,750	2.02x	583,871	526,476
2027-28	2,342,737		2,342,737	93,709	2,249,027	0	1,085,750	1,085,750	2.07x	608,604	554,673
2028-29	2,399,476		2,399,476	95,979	2,303,497	0	1,085,250	1,085,250	2.12x	633,584	584,662
2029-30	2,456,783		2,456,783	98,271	2,358,511	0	1,088,250	1,088,250	2.17x	658,815	611,447
2030-31	2,514,868		2,514,868	100,595	2,414,273	0	1,084,500	1,084,500	2.23x	684,503	645,271
2031-32	2,574,494		2,574,494	102,980	2,471,514	0	1,069,250	1,069,250	2.31x	711,538	690,726
2032-33	2,634,717		2,634,717	105,389	2,529,328	0	1,063,000	1,063,000	2.38x	738,844	727,484
2033-34	2,695,541		2,695,541	107,822	2,587,720	0	1,065,250	1,065,250	2.43x	766,423	756,046
2034-35	2,756,974		2,756,974	110,279	2,646,695	0	1,060,500	1,060,500	2.50x	794,278	791,917
2035-36	2,819,021		2,819,021	112,761	2,706,260	0	1,069,000	1,069,000	2.53x	822,411	814,849
2036-37	2,881,689		2,881,689	115,268	2,766,421	0	1,060,000	1,060,000	2.61x	853,267	853,154
2037-38	2,944,983		2,944,983	117,799	2,827,184	0	1,064,250	1,064,250	2.66x	884,432	878,502
2038-39	3,008,910		3,008,910	120,356	2,888,554	0	1,071,000	1,071,000	2.70x	915,908	901,646
2039-40	3,073,477		3,073,477	122,939	2,950,538	0	0	0		947,699	2,002,839

¹ Based upon a 1% Tax Rate and 1% annual growth in assessed value; includes Unitary Revenues

² Estimated in this table to be 4% of aggregate gross redevelopment agency property tax revenues.

³ Payments made from 2014-15 Net Revenues Includes interest payment made on 3/1/15 and estimated 9/1/15 refunding debt service payment

⁴ Preliminary, Subject to change

Sources: County Auditor and Kosmont Transactions Services.

Reasons for a Strong Rating

- ▶ Strong coverage at 2x
- ▶ Combined Project Area pledge inclusive of former housing set aside
- ▶ Agency is requesting 100% of the fiscal year's debt service on ROPS B
- ▶ Agency is on the Teeter Plan
- ▶ Subordination of Pass Throughs

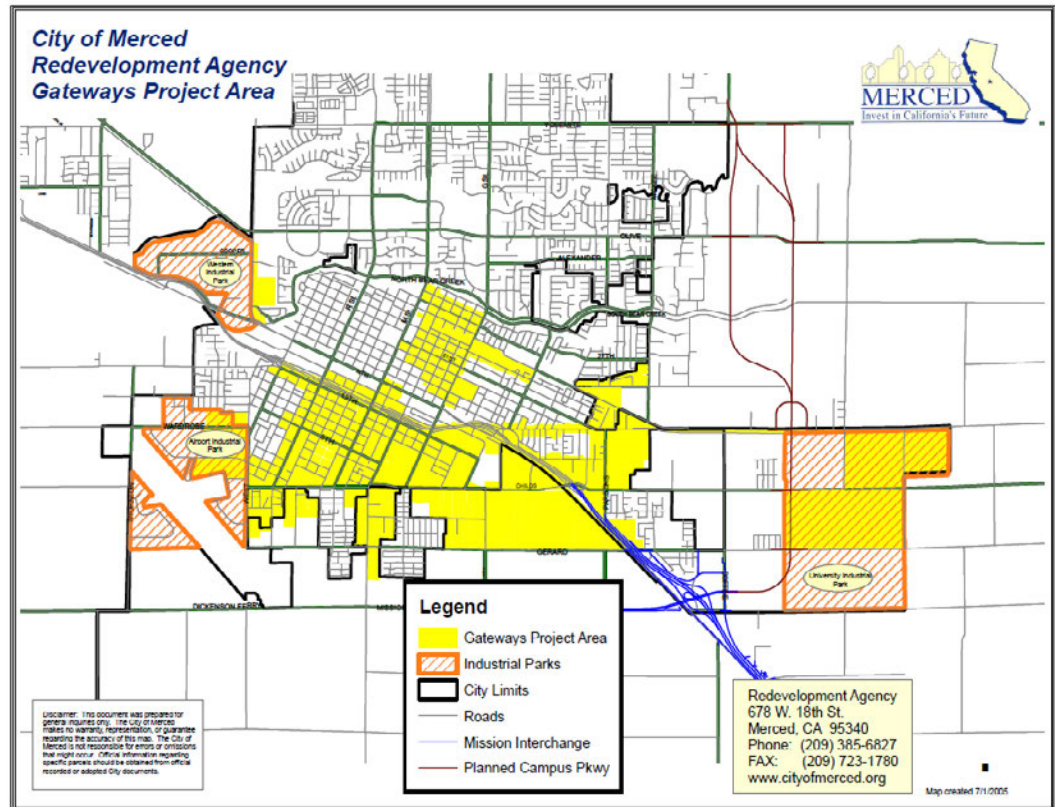
- ▶ April 24 –DOF Approval
- ▶ May 8 – DLA meets to consider approval of POS
- ▶ June 30- Receive Credit Rating
- ▶ July 1- Finalize Preliminary Official Statement
- ▶ July 6- Receive Insurance Bids
- ▶ July 9 – Pricing
- ▶ July 28 – Closing

The image shows the Merced Theatre, a historic building with a prominent white tower topped with a gold-colored conical roof. The word "MERCED" is written in large red letters on the tower. The main entrance features a marquee with the text "MERCED THEATRE" and "Art Center". Below the marquee, there are signs for "MERCED SYMPHONY POPS CONCERT JAN 25" and "NEW HALLS CONCERT THURS FEB 1". The building is surrounded by trees and a street with parked cars.

Appendix A: Gateways Project Area Overview

Gateways Project Area

- ▶ The Gateways Redevelopment Plan was adopted in 1996
- ▶ Annex Area 1 was added in 2000
- ▶ Annex Area 2 was added in 2005
- ▶ The Agency is on the County's Teeter Plan
- ▶ Land use is primarily residential (51%) and commercial (35%)



Gateways Project Area Redevelopment Plan Limitations

Gateways Project Area Plan Limits	Original	Annex Area 1	Annex Area 2
Date of Adoption	7/15/1996	7/17/2000	7/18/2005
Time Limit to Incur Debt	7/15/2016	7/17/2020	7/18/2025
Plan Effectiveness	7/15/2027	7/17/2031	7/18/2035
Debt Repayment	7/15/2042	7/17/2046	7/18/2050
Bond Debt Limit	\$50 Million		

Source: The DLA

Gateways Project Area TI Collections

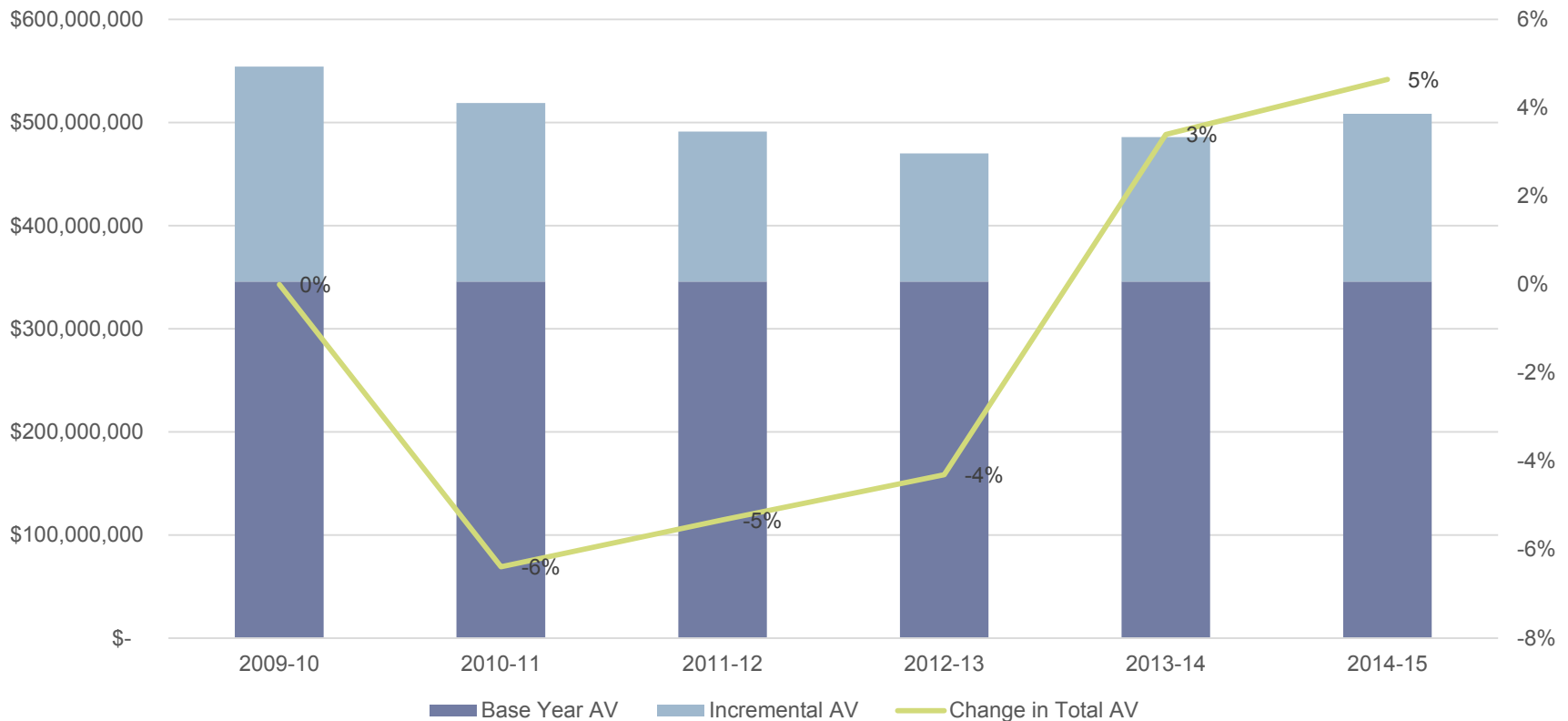
- ▶ The Project Areas are part of the County Teeter Plan

Fiscal Year	Incremental Value	Estimated TI	Actual TI
2009-10	\$208,471,299	\$2,084,713	\$2,035,446
2010-11	173,071,602	1,730,716	1,706,003
2011-12	145,455,730	1,454,557	1,520,310
2012-13	124,323,311	1,243,233	1,235,102
2013-14	140,270,985	1,402,710	1,490,670
2014-15	162,835,216	1,628,352	n.a.

Gateways Project Area Historical Assessed Values and Volatility Ratio

Secured Assessed Value for FY 2015	\$458,453,058	Base Year Assessed Value	\$345,669,010
Unsecured Assessed Value for FY 2015	50,051,168	Incremental Assessed Value	162,835,216
Total Assessed Value for FY 2015	\$508,504,226	Base to Total Assessed Value Volatility Ratio	0.68

Assessed Value History



Gateways Project Area Historical Assessed Valuations & Tax Increment Collections

Fiscal Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Secured AV	\$496,026,482	\$462,640,217	\$437,932,946	\$424,069,458	\$454,797,005	\$458,453,058
Unsecured AV	58,113,827	56,100,395	53,191,794	45,922,863	31,142,990	50,051,168
Total AV	554,140,309	518,740,612	491,124,740	469,992,321	485,939,995	508,504,226
Base Year AV	(345,669,010)	(345,669,010)	(345,669,010)	(345,669,010)	(345,669,010)	(345,669,010)
Incremental AV	\$208,471,299	\$173,071,602	\$145,455,730	\$124,323,311	\$140,270,985	\$162,835,216
% Δ Total AV	-10.88%	-6.39%	-5.32%	-4.30%	3.39%	4.64%
% Δ Incr. AV	-24.50%	-16.98%	-15.96%	-14.53%	12.83%	16.09%
Est. Tax Incr. Receipts ¹	\$2,084,713	\$1,730,716	\$1,454,557	\$1,243,233	\$1,402,710	\$1,628,352
Actual Tax Incr. Revenues	\$2,035,446	\$1,706,003	\$1,520,310	\$1,235,102	\$1,490,670	n.a.
County Auditor Fees	(\$51,374)	(\$48,942)	(\$71,559)	(\$57,173)	(\$55,092)	n.a.
Tax Sharing Pmnts	(\$406,515)	(\$345,806)	(\$251,712)	(\$264,769)	(\$256,949)	n.a.
Net Receipts (Actual)	\$1,577,557	\$1,311,254	\$1,197,039	\$913,160	\$1,178,629	n.a.
Debt Service	\$766,808	\$1,128,916	\$1,125,804	\$1,126,714	\$1,121,806	\$1,130,711
Debt Service Coverage	205.73%	116.15%	106.33%	81.05%	105.07%	144.01%

¹Based on 1% General Levy

Sources: County Auditor, State Controller's Report, Former RDA

Gateways Project Area Land Use Analysis

Land Use	Parcels	Secured AV ¹	% of Value
Residential	2,659	\$234,126,324	51.20%
Commercial	264	158,016,929	34.56%
Industrial	40	43,643,315	9.54%
Vacant Land	192	15,482,515	3.39%
Agricultural	13	2,968,584	0.65%
Institutional	42	2,344,016	0.51%
Governmental	11	629,825	0.14%
Miscellaneous	10	77,077	0.02%
Total	3,231	\$457,288,585	100.00%

¹Assessed Value Net of applicable exemptions

Source: County Assessor

Gateways Project Area

Top Ten Secured / Unsecured Taxpayers

Taxpayer	Land Use	Assessed Value ¹	% of Incremental AV	% of Total AV
Playa Merced LLC	Commercial	\$11,510,258	7.07%	2.26%
Wal-Mart Stores East LP	Industrial	9,990,998	6.14%	1.96%
Shivshakti Hospitality Inc	Commercial	7,727,866	4.75%	1.52%
Courtyard Merced Inc	Commercial	6,768,479	4.16%	1.33%
Gulati Gagan Ringo & Sethi-Gulati Rama	Commercial	6,680,400	4.10%	1.31%
Kajla Mahinder Singh	Commercial	6,179,666	3.80%	1.21%
Lyons Investments A Partnership	Industrial	6,175,943	3.79%	1.21%
A Teichert & Son Inc	Unsecured	6,136,210	3.77%	1.21%
CVP Acquisition Corporation	Industrial	5,264,150	3.23%	1.03%
New Werner Holding Co Inc	Unsecured	5,137,049	3.15%	1.01%
Total Assessed Value		\$71,571,019	43.95%	14.07%
Total Incremental Assessed Value		\$162,835,216		
Total Project Area Assessed Value		\$508,504,226		

¹Net of applicable exemptions

Source: County Auditor

Gateways Project Area Assessment Appeals Analysis

FISCAL YEAR	2009-10	2010-11	2011-12	2012-13	2013-14
Project Area Total Assessed Value	\$554,140,309	\$518,740,612	\$491,124,740	\$469,992,321	\$485,939,995
Project Area Incremental Assessed Value	\$208,471,299	\$173,071,602	\$145,455,730	\$124,323,311	\$140,270,985
% of Tax Increment to Total Tax Revenues	37.62%	33.36%	29.62%	26.45%	28.87%
APPEALS SUMMARY					
Successful/Stipulated Appeals	2	4	6	5	1
Denied/Withdrawn Appeals	8	8	11	6	5
Pending Appeals	2	0	0	0	0
Total Appeals	12	12	17	11	6
ALL APPEALS (STIPULATED, DENIED/WITHDRAWN, PENDING)					
Assessed Value of All Appeals	\$25,304,415	\$31,958,550	\$57,961,778	\$29,131,456	\$22,117,345
% of Total AV	5%	6%	12%	6%	5%
% of Incremental AV	12%	18%	40%	23%	16%
RESOLVED APPEALS ANALYSIS (STIPULATED, DENIED/WITHDRAWN APPEALS)					
Assessor's Roll Value	\$25,132,703	\$31,958,550	\$57,961,778	\$29,131,456	\$22,117,345
Applicant Opinion of Value	\$13,607,674	\$16,539,994	\$33,267,163	\$17,840,237	\$6,765,623
Total Requested Reduction Amount	\$11,525,029	\$15,418,556	\$24,694,615	\$11,291,219	\$15,351,722
% of Total AV	2.08%	2.97%	5.03%	2.40%	3.16%
% of Incremental AV	5.53%	8.91%	16.98%	9.08%	10.94%
SUCCESSFUL APPEALS					
Total Requested Reduction Amount	\$11,525,029	\$15,418,556	\$24,694,615	\$11,291,219	\$15,351,722
Total Granted Reduction Amount	\$2,015,000	\$962,362	\$2,347,804	\$1,685,249	\$95,940
Granted Reduction %	17%	6%	10%	15%	1%
% of Total AV	0.36%	0.19%	0.48%	0.36%	0.02%
% of Incremental AV	0.97%	0.56%	1.61%	1.36%	0.07%
PENDING ASSESSMENT APPEALS					
Assessor's Roll Value	\$171,712	\$0	\$0	\$0	\$0
Applicant Opinion of Value	\$113,000	\$0	\$0	\$0	\$0
Total Requested Reduction Amount	\$58,712	\$0	\$0	\$0	\$0
% of Total AV	0.01%	0.00%	0.00%	0.00%	0.00%
% of Incremental AV	0.03%	0.00%	0.00%	0.00%	0.00%
POTENTIAL IMPACT TO TAX INCREMENT REVENUES					
Prorated Share of Total Requested AV Reduction ¹	\$22,088	\$0	\$0	\$0	\$0
Est. Pending Reduction in Property Tax Revenues ²	\$221	\$0	\$0	\$0	\$0

¹Assumes 100% of the requested reduction amount is granted

²Based on the application of the 1% general levy

Source: County Assessor

Gateways Tax Increment Revenue Projections

Fiscal Year	Secured Assessed Value ¹	Unsecured Assessed Value ¹	Total Assessed Value	Incremental Assessed Value	Unitary Utility Revenues	Gross Tax Increment Revenue ²	Less: County Charges ³	Net Tax Increment Revenues ^{4,5}	Statutory Pass-Thrus			
									Tier I	Tier II	Tier III	Total
2014-15	\$458,453,058	\$50,051,168	\$508,504,226	\$164,533,003	\$8,946	\$1,654,276	66,894	\$1,587,594	\$330,749	\$23,307	\$0	\$354,056
2015-16	463,037,589	50,551,680	513,589,268	169,518,476	8,946	1,704,131	68,888	1,635,454	340,720	28,711	0	369,431
2016-17	467,667,964	51,057,196	518,725,161	174,553,804	8,946	1,754,484	70,902	1,683,793	350,790	37,171	0	387,961
2017-18	472,344,644	51,567,768	523,912,413	179,639,485	8,946	1,805,341	72,936	1,732,616	360,962	45,715	0	406,676
2018-19	477,068,091	52,083,446	529,151,537	184,776,022	8,946	1,856,706	74,991	1,781,927	371,235	54,344	0	425,579
2019-20	481,838,771	52,604,281	534,443,052	189,963,926	8,946	1,908,585	77,066	1,831,731	381,611	63,060	0	444,670
2020-21	486,657,159	53,130,323	539,787,483	195,203,708	8,946	1,960,983	79,162	1,882,033	392,090	71,863	0	463,953
2021-22	491,523,731	53,661,627	545,185,357	200,495,888	8,946	2,013,905	81,279	1,932,837	402,674	80,753	0	483,428
2022-23	496,438,968	54,198,243	550,637,211	205,840,990	8,946	2,067,356	83,417	1,984,150	413,365	89,733	0	503,098
2023-24	501,403,358	54,740,225	556,143,583	211,239,542	8,946	2,121,342	85,576	2,035,977	424,162	98,803	0	522,965
2024-25	506,417,391	55,287,628	561,705,019	216,692,081	8,946	2,175,867	87,757	2,088,321	435,067	107,963	0	543,030
2025-26	511,481,565	55,840,504	567,322,069	222,199,145	8,946	2,230,938	89,960	2,141,189	446,081	117,215	0	563,296
2026-27	516,596,381	56,398,909	572,995,290	227,761,279	8,946	2,286,559	92,185	2,194,585	457,205	126,559	0	583,765
2027-28	521,762,345	56,962,898	578,725,243	233,379,035	8,946	2,342,737	94,432	2,248,516	468,441	135,997	4,060	608,498
2028-29	526,979,968	57,532,527	584,512,495	239,052,968	8,946	2,399,476	96,702	2,302,985	479,789	145,529	8,160	633,478
2029-30	532,249,768	58,107,852	590,357,620	244,783,641	8,946	2,456,783	98,994	2,358,000	491,250	155,157	12,301	658,708
2030-31	537,572,266	58,688,931	596,261,196	250,592,186	8,946	2,514,868	101,309	2,413,565	502,826	164,881	16,484	684,191
2031-32	542,947,988	59,275,820	602,223,808	256,554,798	8,946	2,574,494	103,648	2,470,847	514,808	174,702	20,839	710,349
2032-33	548,377,468	59,868,578	608,246,046	262,577,036	8,946	2,634,717	106,009	2,528,707	526,912	184,621	25,238	736,771
2033-34	553,861,243	60,467,264	614,328,507	268,659,497	8,946	2,695,541	108,395	2,587,147	539,136	194,639	29,681	763,456
2034-35	559,399,855	61,071,937	620,471,792	274,802,782	8,946	2,756,974	110,804	2,646,170	551,483	204,758	34,168	790,409
2035-36	564,993,854	61,682,656	626,676,510	281,007,500	8,946	2,819,021	113,237	2,705,784	563,953	214,978	38,700	817,631
2036-37	570,643,792	62,299,483	632,943,275	287,274,265	8,946	2,881,689	115,695	2,765,994	576,548	225,300	45,719	847,567
2037-38	576,350,230	62,922,477	639,272,708	293,603,698	8,946	2,944,983	118,177	2,826,806	589,269	235,725	52,808	877,802
2038-39	582,113,732	63,551,702	645,665,435	299,996,425	8,946	3,008,910	120,684	2,888,226	602,117	246,255	59,968	908,339
2039-40	587,934,870	64,187,219	652,122,089	306,453,079	8,946	3,073,477	123,216	2,950,261	615,093	256,889	67,199	939,182

¹ Assumes 1% growth


² Based upon a 1% Tax Rate

³ Estimated at 4%

⁴ Available to pay debt service

⁵ Pass through payments have been subordinated to debt service on the Refunding Bonds.

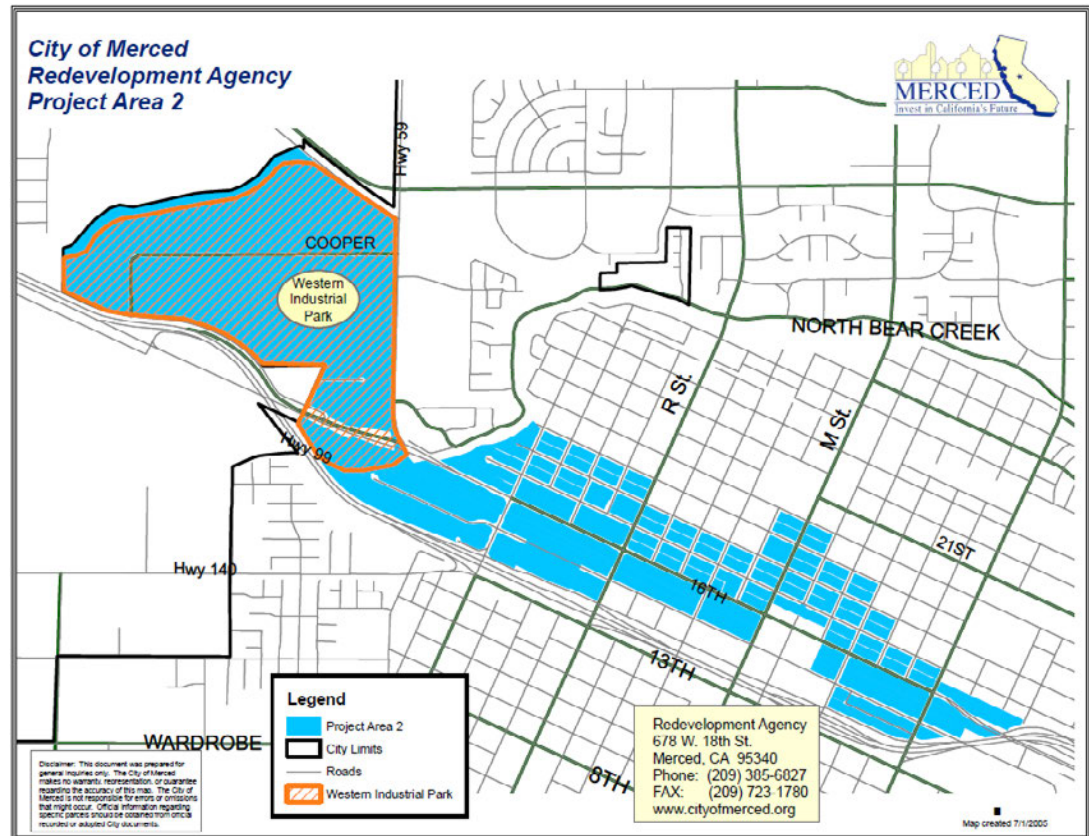
Sources: County Auditor and Kosmont Transactions Services

The image shows the Merced Theatre, a historic building with a prominent white tower topped with a gold-colored conical roof. The word "MERCED" is written in large, red, stylized letters on the tower's facade. The main entrance features an Art Deco style marquee with orange and white lettering that reads "MERCED THEATRE" and "Art Deco Center". Below the marquee, there are signs for upcoming events, including "MERCED SYMPHONY POPS CONCERT JAN 25" and "NEW HAVEN CONCERT THURS FEB 1". The building is situated on a street corner with a red brick sidewalk, and several cars are parked along the curb. The sky is clear and blue.

Appendix B: Project Area No. 2 Overview

Project Area No. 2

- ▶ The Project Area No. 2 Redevelopment Plan was adopted in 1974
- ▶ The Agency is on the County's Teeter Plan
- ▶ Land use is primarily industrial (52%) and commercial (44%)
- ▶ There are no pass-throughs or tax-sharing agreements for Project Area No. 2.



Project Area No. 2

Redevelopment Plan Limitations

Plan Limits	
Date of Adoption	8/5/1974
Time Limit to Incur Debt	Expired
Plan Effectiveness	8/5/2014
Debt Repayment	8/5/2024
Bond Debt Limit	\$240 million
Source: Merced Designated Local Authority	

Project Area No. 2 TI Collections

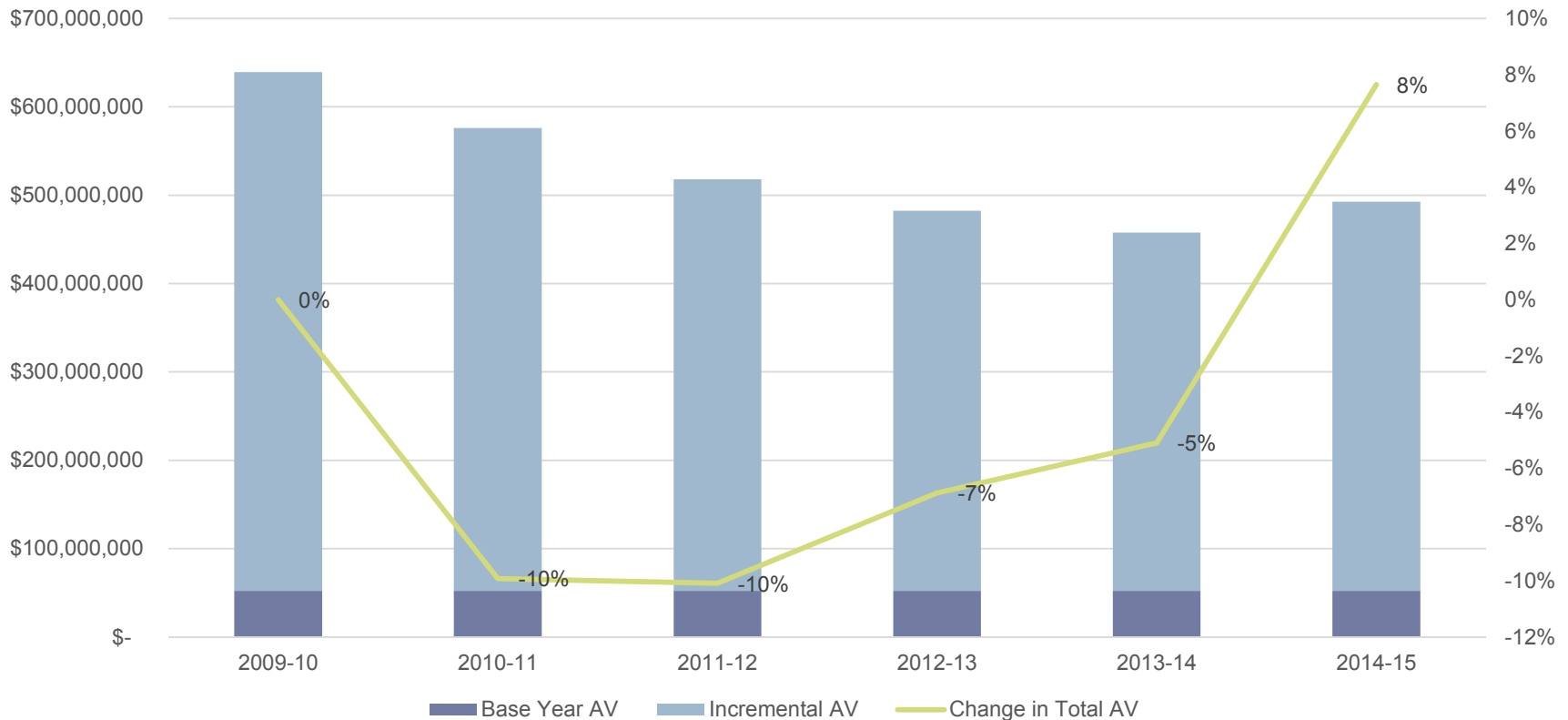
- ▶ The Project Areas are part of the County Teeter Plan

Fiscal Year	Incremental Value	Estimated TI	Actual TI
2009-10	\$587,327,243	\$5,873,272	\$6,041,209
2010-11	523,861,293	5,238,613	5,245,149
2011-12	465,735,585	4,657,356	5,010,985
2012-13	430,126,470	4,301,265	4,503,768
2013-14	405,531,607	4,055,316	4,416,597
2014-15	440,506,511	4,405,065	n.a.

Project Area No. 2 Historical Assessed Values and Volatility Ratio

Secured Assessed Value for FY 2015	\$414,534,748	Base Year Assessed Value	\$52,116,320
Unsecured Assessed Value for FY 2015	78,088,083	Incremental Assessed Value	440,506,511
Total Assessed Value for FY 2015	\$492,622,831	Base to Total Assessed Value Volatility Ratio	0.11

Assessed Value History



Project Area No. 2 Historical Assessed Valuations & Tax Increment Collections

Fiscal Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Secured AV	\$575,568,003	\$507,543,474	\$452,021,807	\$421,229,017	\$396,569,107	\$414,534,748
Unsecured AV	63,875,560	68,434,139	65,830,098	61,013,773	61,078,820	78,088,083
Total AV	639,443,563	575,977,613	517,851,905	482,242,790	457,647,927	492,622,831
Base Year AV	(52,116,320)	(52,116,320)	(52,116,320)	(52,116,320)	(52,116,320)	(52,116,320)
Incremental AV	\$587,327,243	\$523,861,293	\$465,735,585	\$430,126,470	\$405,531,607	\$440,506,511
% Δ Total AV	4.89%	-9.93%	-10.09%	-6.88%	-5.10%	7.64%
% Δ Incr. AV	5.35%	-10.81%	-11.10%	-7.65%	-5.72%	8.62%
Est. Tax Incr. Receipts ¹	\$5,873,272	\$5,238,613	\$4,657,356	\$4,301,265	\$4,055,316	\$4,405,065
Actual Tax Incr. Revs.	6,041,209	5,245,149	5,010,985	4,503,768	4,416,597	n.a.
County Auditor Fees	150,825	154,926	174,445	183,459	182,793	n.a.
Tax Sharing Pmnts ²	723,672	793,882	865,145	937,477	1,010,894	n.a.
Net Receipts (Actual)	\$5,166,711	\$4,296,341	\$3,971,394	\$3,382,832	\$3,222,910	n.a.
Debt Service	\$2,245,833	\$2,244,848	\$2,247,340	\$2,244,453	\$2,242,828	\$2,244,975
Debt Service Coverage	230.06%	191.39%	176.72%	150.72%	143.70%	196.22%

¹Based on 1% General Levy

²The Tax Sharing Agreement that required the DLA to make these payments expired in 2014. See Section 4.7

Sources: County Auditor and the Former RDA

Project Area No. 2 Land Use Analysis

Land Use	Parcels	Secured AV ¹	% of Value
Industrial	37	\$214,378,251	51.72%
Commercial	308	183,234,697	44.20%
Residential	88	9,518,555	2.30%
Vacant Land	52	6,532,577	1.58%
Agricultural	1	130,668	0.03%
Miscellaneous	1	740,000	0.18%
Institutional	4	0	0.00%
Governmental	5	0	0.00%
Total	496	\$414,534,748	100.00%

¹ Assessed Value Net of applicable exemptions.

Source: County Assessor

Project Area No. 2

Top 10 Secured / Unsecured Taxpayers

Taxpayer	Land Use	Assessed Value ¹	% of Incremental AV	% of Total AV
World Color LLC ²	Industrial	\$110,667,264	25.12%	22.46%
Scholle Corporation	Industrial	35,383,850	8.03%	7.18%
Safeway Inc	Industrial	26,878,740	6.10%	5.46%
Comcast Inc ²	Unsecured	23,974,355	5.44%	4.87%
Costco Wholesale Corp	Commercial	21,827,195	4.96%	4.43%
Razzari Timothy F & Billie K Co-Trustees	Commercial/Unsecured	11,915,809	2.71%	2.42%
Greif Containers Inc	Industrial	9,662,996	2.19%	1.96%
Encina Inv. Grp Mainplace Merced LLC	Commercial	9,315,510	2.11%	1.89%
Gaestel Robert J & Bette C Trustees	Commercial/Unsecured	8,611,114	1.95%	1.75%
White Oak Investors	Industrial	8,453,839	1.92%	1.72%
Total Assessed Value		\$266,690,672	60.54%	54.14%
Total Incremental Assessed Value		\$440,506,511		
Total Project Area Assessed Value		\$492,622,831		

¹Assessed values presented in the above table are net of exemptions.

²Taxpayers listed above have filed assessment appeals that are currently pending.

Source: County Auditor

PA 2 Pending Assessment Appeals – Top 10 Taxpayers

FISCAL YEAR	2009-10	2010-11	2011-12	2012-13	2013-14
Project Area Total Assessed Value	\$639,443,563	\$575,977,613	\$517,851,905	\$482,242,790	\$457,647,927
Project Area Incremental Assessed Value	\$587,327,243	\$523,861,293	\$465,735,585	\$430,126,470	\$405,531,607
% of Tax Increment to Total Tax Revenues	91.85%	90.95%	89.94%	89.19%	88.61%
APPEALS SUMMARY					
Successful/Stipulated Appeals	1	6	5	1	4
Denied/Withdrawn Appeals	19	7	7	12	0
Pending Appeals	1	1	4	4	7
Total Appeals	21	14	16	17	11
ALL APPEALS (STIPULATED, DENIED/WITHDRAWN, PENDING)					
Assessed Value of All Appeals	\$274,725,807	\$205,683,760	\$43,097,897	\$142,317,726	\$133,190,071
% of Total AV	43%	36%	8%	30%	29%
% of Incremental AV	47%	39%	9%	33%	33%
RESOLVED APPEALS ANALYSIS (STIPULATED, DENIED/WITHDRAWN APPEALS)					
Assessor's Roll Value	\$273,909,390	\$204,788,760	\$23,176,095	\$124,081,862	\$5,538,023
Applicant Opinion of Value	\$140,581,010	\$94,543,756	\$12,898,079	\$79,208,568	\$4,218,230
Total Requested Reduction Amount	\$133,328,380	\$110,245,004	\$10,278,016	\$44,873,294	\$1,319,793
% of Total AV	20.85%	19.14%	1.98%	9.31%	0.29%
% of Incremental AV	22.70%	21.04%	2.21%	10.43%	0.33%
SUCCESSFUL APPEALS					
Total Requested Reduction Amount	\$133,328,380	\$110,245,004	\$10,278,016	\$44,873,294	\$1,319,793
Total Granted Reduction Amount	\$52,854,032	\$53,932,630	\$4,148,984	\$277,584	\$883,573
Granted Reduction %	39.64%	48.92%	40.37%	0.62%	66.95%
% of Total AV	8.27%	9.36%	0.80%	0.06%	0.19%
% of Incremental AV	9.00%	10.30%	0.89%	0.06%	0.22%
PENDING ASSESSMENT APPEALS					
Assessor's Roll Value	\$816,417	\$895,000	\$19,921,802	\$18,235,864	\$127,652,048
Applicant Opinion of Value	\$690,000	\$500,000	\$1,953,505	\$6,197,571	\$68,320,489
Total Requested Reduction Amount	\$126,417	\$395,000	\$17,968,297	\$12,038,293	\$59,331,559
% of Total AV	0.02%	0.07%	3.47%	2.50%	12.96%
% of Incremental AV	0.02%	0.08%	3.86%	2.80%	14.63%
POTENTIAL IMPACT TO TAX INCREMENT REVENUES					
Prorated Share of Total Requested AV Reduction ¹	\$116,114	\$359,259	\$16,159,978	\$10,737,306	\$52,574,962
Est. Pending Reduction in Property Tax Revenues ²	\$1,161	\$3,593	\$161,600	\$107,373	\$525,750

¹Assumes 100% of the requested reduction amount is granted

²Based on the application of the 1% general levy

Source: County Assessor

Project Area No. 2 Assessment Appeals

FISCAL YEAR	2009-10	2010-11	2011-12	2012-13	2013-14
Project Area Total Assessed Value	\$639,443,563	\$575,977,613	\$517,851,905	\$482,242,790	\$457,647,927
Project Area Incremental Assessed Value	587,327,243	523,861,293	465,735,585	430,126,470	405,531,607
% of Tax Increment to Total Tax Revenues	91.85%	90.95%	89.94%	89.19%	88.61%
APPEALS SUMMARY					
Successful/Stipulated Appeals	1	6	5	1	4
Denied/Withdrawn Appeals	19	7	7	12	0
Pending Appeals	1	1	4	4	7
Total Appeals	21	14	16	17	11
ALL APPEALS (STIPULATED, DENIED/WITHDRAWN, PENDING)					
Assessed Value of All Appeals	\$274,725,807	\$205,683,760	\$43,097,897	\$142,317,726	\$133,190,071
% of Total AV	42.89%	35.64%	8.32%	29.50%	29.09%
% of Incremental AV	46.69%	39.18%	9.25%	33.07%	32.83%
RESOLVED APPEALS ANALYSIS (STIPULATED AND DENIED/WITHDRAWN APPEALS)					
Assessor's Roll Value	\$273,909,390	\$204,788,760	\$23,176,095	\$124,081,862	\$5,538,023
Applicant Opinion of Value	140,581,010	94,543,756	12,898,079	79,208,568	4,218,230
Total Requested Reduction Amount	133,328,380	110,245,004	10,278,016	44,873,294	1,319,793
Total Granted Reduction Amount	52,854,032	53,932,630	4,148,984	277,584	883,573
% of Total AV	8.25%	9.35%	0.80%	0.06%	0.19%
% of Incremental AV	8.98%	10.27%	0.89%	0.06%	0.22%
PENDING ASSESSMENT APPEALS					
Assessor's Roll Value	\$816,417	\$895,000	\$19,921,802	\$18,235,864	\$127,652,048
Applicant Opinion of Value	690,000	500,000	1,953,505	6,197,571	68,320,489
Total Requested Reduction Amount	126,417	395,000	17,968,297	12,038,293	59,331,559
% of Total AV	0.02%	0.07%	3.47%	2.50%	12.96%
% of Incremental AV	0.02%	0.08%	3.86%	2.80%	14.62%
POTENTIAL IMPACT TO TAX INCREMENT REVENUES					
Prorated Share of Total Requested AV Reduction ¹	\$116,114	\$359,259	\$16,159,978	\$10,737,306	\$52,574,962
Est. Pending Reduction in Property Tax Revenues ²	1,161	3,593	161,600	107,373	525,750

¹Assumes 100% of the requested reduction amount is granted

²Based on the application of the 1% general levy

Source: County Assessor

Project Area No. 2 Tax Increment Revenue Projections

Fiscal Year	Secured Assessed Value ¹	Unsecured Assessed Value ¹	Total Assessed Value	Incremental Assessed Value	Unitary Utility Revenues	Gross Tax Increment Revenue ²	Less: County Charges ³	Net Tax Increment Revenues ⁴	Existing Debt Service	Available for Other EOs ⁵
1974-75		Base Year =	\$52,116,320							
2014-15	\$414,534,748	\$78,088,083	\$492,622,831	\$440,506,511	\$277,255	\$4,682,321	\$187,293	\$4,495,028	\$2,244,975	\$2,250,053
2015-16	418,680,095	78,868,964	497,549,059	445,432,739	277,255	4,731,583	189,263	4,542,320	2,110,000	2,432,320
2016-17	422,866,896	79,657,653	502,524,550	450,408,230	277,255	4,781,338	191,254	4,590,084	2,110,000	2,480,084
2017-18	427,095,565	80,454,230	507,549,795	455,433,475	277,255	4,831,590	193,264	4,638,327	2,110,000	2,528,327
2018-19	431,366,521	81,258,772	512,625,293	460,508,973	277,255	4,882,345	195,294	4,687,051	2,110,000	2,577,051
2019-20	435,680,186	82,071,360	517,751,546	465,635,226	277,255	4,933,608	197,344	4,736,263	2,110,000	2,626,263
2020-21	440,036,988	82,892,074	522,929,062	470,812,742	277,255	4,985,383	199,415	4,785,968	2,110,000	2,675,968
2021-22	444,437,358	83,720,994	528,158,352	476,042,032	277,255	5,037,676	201,507	4,836,169	2,110,000	2,726,169
2022-23	448,881,732	84,558,204	533,439,936	481,323,616	277,255	5,090,492	203,620	4,886,872	2,110,000	2,776,872

¹ Assumes 1% growth

² Based upon a 1% Tax Rate

³ Estimated at 4%

⁴ Pledged to pay debt service on the PA 2 Bonds.

⁵ Amount available to support debt service on other Enforceable Obligations such as the Refunding Bonds.

Sources: County Auditor and KosmontTransactions Services.