



CORRESPONDENCE 1  
 page 1 of 4  
 2720 Second Street  
 Ceres, CA 95307-3292  
 (209) 538-5756  
 FAX (209) 538-5650

October 20, 2006

CITY COUNCIL  
 Anthony Cannella, Mayor  
 Rob Phipps Ken Lane  
 Guillermo Ochoa Chris Vierra

Stanislaus County Board of Supervisors  
 C/O Auditor-Controller  
 Attn: Ray Rasmussen  
 1010 Tenth Street  
 Modesto, CA 95353-0770

RECEIVED  
 2006 OCT 24 AM 9:53  
 LARRY D. HAUGH  
 AUDITOR CONTROLLER

Dear Mr. Rasmussen:

The Ceres Redevelopment Agency (the "Agency") is planning a bond financing in the upcoming month (the "2006 Bonds"). To borrow these funds with the best possible bond rating, it is appropriate for the Agency to present to the bondholders the most senior lien possible on Agency revenues. This approach was contemplated when the County of Stanislaus (the "County") and the Agency entered into a revenue sharing agreement (the "Agreement") dated June 30, 1992 for the Ceres Redevelopment Project (the "Project Area").

Pursuant to Section 3 of the Agreement, the County agrees to authorize the Agency to subordinate the County's receipt of payments required under the Agreement, to allow the Agency to pledge all or a portion of such payments to secure the repayment of Agency indebtedness. In October of 2003, the County agreed to subordinate its receipt of payments with regard to the Agency's Tax Allocation Bonds, Issue of 2003 (the "2003 Bonds"). The Agency is now in the process of issuing the 2006 Bonds.

In order for the Agency to subordinate payment to the County, the Agency must demonstrate, to the reasonable satisfaction of the County, its ability to make the required payments to the County, pursuant to the Agreement. The attached certificate from Urban Futures, Inc. provides that information. With this notification to your office, we ask that the County please approve the subordination, so that our bond financing may be completed next month.

Included in the attached Certificate are tax increment revenues generated by Amendment No. 1 to the Redevelopment Plan for the Ceres Redevelopment Project (the "Amendment No. 1 Area"). Pursuant to Section 33607.5 of California Redevelopment Law, we ask that the County approve subordination of the County's share of statutory pass through payments from the Amendment No. 1 Area.

At this time, we do not, of course, foresee that the Agency will ever require use of your share of the tax increments. The subordination would only come into play if there was a very major and completely unforeseen decrease in tax increment revenues, at which time the Agency would agree to repayment terms with the County.

We would appreciate receiving a signed copy of this request at your earliest convenience, as we hope to market the bonds by the first week of December.

Thank you very much for your cooperation on this matter. Please call me with any questions regarding our request.

Very truly yours,



Sheila Cumberland, Deputy Executive Director  
Ceres Redevelopment Agency

COUNTY OF STANISLAUS

Accepted by: \_\_\_\_\_

Date: \_\_\_\_\_

**URBAN  
FUTURES  
INCORPORATED**

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Finance • Redevelopment • Implementation • Planning

October 20, 2006

Mr. Brad Kilger, Executive Director  
Ceres Redevelopment Agency  
City of Ceres  
2720 Second Street  
Ceres, CA 95307-3292

**CERTIFICATE OF FINANCIAL CONSULTANT**

The undersigned hereby states and certifies that:

- i) Urban Futures, Inc. is an independent Financial Consultant to the Ceres Redevelopment Agency (the "Agency"); and
- ii) Based upon reasonable projections of growth of assessed valuation in the Ceres Redevelopment Project, the Agency will have sufficient Tax Revenues each year to make the required payments pursuant to all tax sharing agreements and to pay the debt service amounts on the Agency's Tax Allocation Bonds, Issue of 2000 (the "2000 Bonds"), and the Tax Allocation Bonds, Issue of 2003 (the "2003 Bonds"), and the (proposed) Tax Allocation Bonds, Issue of 2006 (the "2006 Bonds"), as shown in Exhibit A (attached).

URBAN FUTURES, INC.



Douglas P. Anderson  
Vice President

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CERES REDEVELOPMENT AGENCY  
CERES REDEVELOPMENT PROJECT (COMBINED AREAS)

TAX INCREMENT PROJECTIONS

|          | (1)                             | (2)                           | (3)  | (4)   | (5)                                       | (6)                                    | (7)                                  |
|----------|---------------------------------|-------------------------------|--|---|---|--|--------------------------------------|
|          | ASSESSED<br>VALUATION<br>GROWTH | GROSS<br>INCREMENT<br>REVENUE | NET REVENUE<br>AFTER ALL<br>PASS-THROUGH<br>PAYMENTS | REFUNDED<br>DEBT SERVICE<br>PAYMENTS ON<br>2000 BONDS | DEBT SERVICE<br>PAYMENTS ON<br>2003 BONDS | PROPOSED<br>DEBT SERVICE<br>2006 BONDS | SURPLUS TAX<br>INCREMENT<br>REVENUES |
| base     | \$272,037,669                   |                               |  |   |   |  |                                      |
| 1 06-07  | 863,612,443                     | 5,915,748                     | 4,392,624  | 565,865   | 954,365                                   | 1,380,887                              | 1,491,508                            |
| 2 07-08  | 949,973,687                     | 6,779,360                     | 5,054,507  | 566,583   | 953,765                                   | 1,841,182                              | 1,692,977                            |
| 3 08-09  | 978,472,898                     | 7,064,352                     | 5,259,059  | 563,708   | 957,068                                   | 1,952,723                              | 1,785,561                            |
| 4 09-10  | 1,007,827,085                   | 7,357,894                     | 5,470,044  | 565,543   | 954,103                                   | 1,948,998                              | 2,001,401                            |
| 5 10-11  | 1,038,061,897                   | 7,660,242                     | 5,579,058  | 566,903   | 954,953                                   | 1,949,473                              | 2,107,730                            |
| 6 11-12  | 1,069,203,754                   | 7,971,661                     | 5,793,487  | 567,778   | 954,723                                   | 1,948,953                              | 2,322,034                            |
| 7 12-13  | 1,101,279,867                   | 8,292,422                     | 6,020,655  | 568,158   | 953,523                                   | 1,947,418                              | 2,551,557                            |
| 8 13-14  | 1,134,318,263                   | 8,622,806                     | 6,240,829  | 568,033   | 955,983                                   | 1,949,848                              | 2,766,966                            |
| 9 14-15  | 1,168,347,811                   | 8,963,101                     | 6,467,901  | 567,393   | 952,183                                   | 1,946,035                              | 3,002,290                            |
| 10 15-16 | 1,203,398,245                   | 9,313,606                     | 6,572,428  | 571,228   | 952,628                                   | 1,946,145                              | 3,102,428                            |
| 11 16-17 | 1,239,500,193                   | 9,674,625                     | 6,598,780  | 569,333   | 952,273                                   | 1,944,965                              | 3,132,210                            |
| 12 17-18 | 1,276,685,198                   | 10,046,475                    | 6,834,643  | 566,890   | 950,910                                   | 1,947,470                              | 3,369,373                            |
| 13 18-19 | 1,314,985,754                   | 10,429,481                    | 7,077,866  | 573,890   | 948,910                                   | 1,948,438                              | 3,606,628                            |
| 14 19-20 | 1,354,435,327                   | 10,823,977                    | 7,328,674  | 569,918   | 950,858                                   | 1,942,838                              | 3,865,061                            |
| 15 20-21 | 1,395,068,387                   | 11,230,307                    | 7,260,000  | 570,363   | 951,500                                   | 1,945,843                              | 3,792,295                            |
| 16 21-22 | 1,436,920,438                   | 11,648,828                    | 7,388,215  | 570,008   | 948,750                                   | 1,942,018                              | 3,927,440                            |
| 17 22-23 | 1,480,028,051                   | 12,079,904                    | 7,645,481  | 573,838   | 945,000                                   | 1,941,535                              | 4,185,108                            |
| 18 23-24 | 1,524,428,893                   | 12,523,912                    | 7,910,768  | 571,625   | 950,250                                   | 1,944,155                              | 4,444,738                            |
| 19 24-25 | 1,570,161,760                   | 12,981,241                    | 8,184,323  | 573,565   | 949,000                                   | 1,939,630                              | 4,722,128                            |
| 20 25-26 | 1,617,266,613                   | 13,452,289                    | 8,466,398  | 574,425   | 946,500                                   | 1,938,135                              | 5,007,338                            |
| 21 26-27 | 1,665,784,611                   | 13,937,469                    | 8,757,251  | 574,185   | 947,750                                   | 1,939,418                              | 5,295,899                            |
| 22 27-28 | 1,715,758,149                   | 14,437,205                    | 9,057,152  | 577,345   | 942,500                                   | 1,938,218                              | 5,599,089                            |
| 23 28-29 | 1,767,230,894                   | 14,951,932                    | 9,366,375  | 579,368   | 946,000                                   | 1,938,395                              | 5,902,613                            |
| 24 29-30 | 1,820,247,821                   | 15,482,102                    | 9,685,206  | 580,253   | 942,750                                   | 1,931,298                              | 6,230,906                            |
| 25 30-31 | 1,874,855,255                   | 16,028,176                    | 10,013,935   | -   | 1,563,000                                 | 1,932,153                              | 6,518,783                            |
| 26 31-32 | 1,931,100,913                   | 16,590,632                    | 10,352,866   | -   | 1,565,500                                 | 1,890,505                              | 6,896,861                            |
| 27 32-33 | 1,989,033,940                   | 17,169,963                    | 10,702,309   | -   | 1,564,500                                 | 1,891,285                              | 7,246,524                            |
| 28 33-34 | 2,048,704,958                   | 17,766,673                    | 11,045,607   | -   | -   | 1,889,245                              | 9,156,362                            |
| 29 34-35 | 2,110,166,107                   | 18,381,284                    | 11,399,557   | -   | -   | 3,454,385                              | 7,945,172                            |
| 30 35-36 | 2,173,471,090                   | 19,014,334                    | 11,764,484   | -   | -   | 3,452,915                              | 8,311,569                            |
| 31 36-37 | 2,238,675,223                   | 19,666,376                    | 12,140,722   | -   | -   | 1,450,433                              | 10,690,290                           |