NEW ISSUES – BOOK-ENTRY ONLY

STANDARD & POOR'S RATINGS:
Insured Series 2014 Bonds (Insured Rating): "AA"
Series 2014 Bonds (Uninsured/Underlying Rating): "A-"

See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2014 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014 Bonds. See "TAX MATTERS" herein.

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY

Tax Allocation Revenue Refunding Bonds

$6,985,000
Series 2014E
Successor Agency to the Covina Redevelopment Agency
Project Areas

Dated: Date of Delivery **Due: December 15 As Shown on the Inside Cover Page**

The County of Los Angeles Redevelopment Refunding Authority (the "Authority") will issue its Tax Allocation Revenue Refunding Bonds, Series 2014E (the "Series 2014 Bonds") pursuant to a Trust Agreement, dated as of December 1, 2014 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Concurrently with the issuance of the Series 2014 Bonds, the Successor Agency to the Covina Redevelopment Agency (the "Agency Participant"), will issue its tax allocation refunding bonds (the "Local Obligations") for its project areas (the "Project Areas") pursuant to an Indenture of Trust, dated as of December 1, 2014 (the "Agency Indenture"), by and between the Agency Participant and The Bank of New York Mellon Trust Company. N.A., (the "Agency Trustee"), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Agency Participant as more fully described herein. Proceeds of the Series 2014 Bonds will be used to purchase the Local Obligations.

The Series 2014 Bonds will be special, limited obligations of the Authority, payable from and secured by Revenues (as defined herein) of the Authority, consisting primarily of payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and received by the Authority from the Agency Participant. The Local Obligations will be payable from and secured by a pledge and lien on designated property tax revenues (formerly tax increment revenues) related to the Project Areas of the Agency Participant, which will include moneys deposited, from time to time, in the related Redevelopment Property Tax Trust Fund for the benefit of the Agency Participant as provided in the California Health and Safety Code as more fully described herein. Collectively, such designated property tax (subject to certain statutory and contractual deductions specified in the Agency Indenture) as pledged under the Agency Indenture is referred to herein as "Tax Revenues." The payment of debt service on the Local Obligations will be payable from Tax Revenues on a basis subordinate to the payment of debt service on the Covina Redevelopment Agency, 2004 Taxable Tax Allocation Bonds, Series B, Covina Revitalization – Redevelopment Project No. One and the Successor Agency to the Covina Redevelopment Agency, Covina Revitalization-Redevelopment Project No. One Tax Allocation Refunding Bonds, Series 2013A. Payments on the Local Obligations to be purchased by the Authority under the Trust Agreement are calculated to be sufficient to permit the Authority to pay the principal of, premium (if any) and interest on the Series 2014 Bonds when due. The Local Obligations will be registered in the name of the Trustee under the Trust Agreement and payments on the Local Obligations will be paid to the Trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS."

The Series 2014 Bonds will be issued in Authorized Denominations of $5,000 and any integral multiple thereof. The Series 2014 Bonds will be delivered in fully-registered form only, and when 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 securities depository for the Series 2014 Bonds. Ownership interests in the Series 2014 Bonds may be purchased in book-entry form only. Principal of and interest and premium (if any) on the Series 2014 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Series 2014 Bonds. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Series 2014 Bonds are not subject to optional redemption but could be subject to mandatory redemption prior to maturity resulting from the acceleration of amounts due on the Local Obligations as a result of an event of default under the Agency Indenture, as described herein. See "THE SERIES 2014 BONDS – Redemption" herein.

The scheduled payment of principal of and interest on the Series 2014 Bonds maturing on December 15 of the years 2018 through 2023, inclusive (the "Insured Bonds") (as shown on the inside cover page herein) when due will be guaranteed pursuant to an insurance policy to be issued concurrently with the delivery of the Insured Series 2014 Bonds by Assured Guaranty Municipal Corp. The reserve account for the Local Obligations will be secured by a Debt Service Reserve Insurance Policy as described herein.

THE SERIES 2014 BONDS WILL BE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE FROM AND SECURED AS TO THE PAYMENT OF THE PRINCIPAL THEREOF AND THE PREMIUM, IF ANY, AND THE INTEREST THEREON IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE TRUST AGREEMENT, SOLELY FROM THE TRUST ESTATE ESTABLISHED UNDER THE TRUST AGREEMENT. THE SERIES 2014 BONDS SHALL NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR ANY OF ITS MEMBERS, AND UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE OBLIGATED TO PAY PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON ANY SERIES 2014 BONDS EXCEPT FROM THE TRUST ESTATE. NEITHER THE STATE NOR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) NOR ANY MEMBER OF THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2014 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2014 BONDS. THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2014 BONDS DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2014 Bonds are offered when, as and if issued, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by County Counsel as Counsel to the Authority. Certain legal matters will be passed upon for the Agency Participant by general counsel of the Agency Participant. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Series 2014 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about December 23, 2014.

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Dated: December 17, 2014

MATURITY SCHEDULE

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY
$6,985,000
Tax Allocation Revenue Refunding Bonds
Series 2014E
Successor Agency to the Covina Redevelopment Agency

(Base CUSIP†: 54465A)

Due (December 15)	*Principal Amount*	*Interest Rate*	*Yield*	*CUSIP†*
2015	$1,130,000	2.00%	0.44%	FA5
2016	1,710,000	3.00	0.75	FB3
2017	1,760,000	4.00	1.08	FC1
2018*	1,835,000	5.00	1.41	FD9
2019*	115,000	5.00	1.69	FE7
2020*	125,000	5.00	1.91	FF4
2021*	125,000	5.00	2.17	FG2
2022*	135,000	5.00	2.37	FH0
2023*	50,000	5.00	2.45	FJ6

† CUSIP is a registered trademark of the American Bankers Association. Copyright© 1999-2014 American Bankers Association. All rights reserved. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association and is included solely for the convenience of the purchasers of the Series 2014 Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The Authority, the County, the Agency Participant, the Underwriters and the Financial Advisor do not assume responsibility for the accuracy of such data.

* Insured Series 2014 Bonds.

COUNTY OF LOS ANGELES

County of Los Angeles Redevelopment Refunding Authority
Tax Allocation Revenue Refunding Bonds, Series 2014E

Board of Directors / County Board of Supervisors

Michael D. Antonovich
Fifth District, Mayor

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Patrick Ogawa
Acting Executive Officer-Clerk
Board of Supervisors

County Officials

Sachi A. Hamai
Interim Chief Executive Officer

Mark J. Saladino
County Counsel

Joseph Kelly
Acting Treasurer and Tax Collector

John Naimo
Auditor-Controller

HdL Coren & Cone
Fiscal Consultant

KNN Public Finance, a division of Zions First National Bank
Financial Advisor

U.S. Bank National Association
Trustee

Grant Thornton LLP
Escrow Verification Agent

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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County of Los Angeles, California (the "County"), the County of Los Angeles Redevelopment Refunding Authority (the "Authority") or the Successor Agency to the Covina Redevelopment Agency (the "Agency Participant"). 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 Series 2014 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2014 Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the Authority, the County, the Agency Participant, and other sources that are believed by the Authority, the County and the Agency Participant to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Series 2014 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency Participant, the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Authority and the Agency Participant. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2014 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 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 UNDERWRITERS MAY OFFER AND SELL THE SERIES 2014 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events or circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. Neither the Authority nor the Agency Participant plans 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, occur. All statements other than statements of historical facts included in this Official Statement, including Appendix A, including without limitation the statements included in such Appendix under the captions "THE PROJECT AREA" and "SECURITY FOR THE REFUNDING BONDS" regarding the financial position, capital resources and status of the project area are forward-looking statements. Although the Agency Participant believes that the expectations reflected in its forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors which could cause actual results to differ materially from expectations of the Agency Participant (collectively, the "Cautionary Statements") are disclosed under the captions "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" and in Appendix A under the caption "SPECIAL RISK FACTORS." All forward-looking statements attributable to the Agency Participant are expressly qualified in their entirety by the Cautionary Statements.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Insured Series 2014 Bonds (as shown on the inside cover page herein) or the advisability of investing in the Insured Series 2014 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and in APPENDIX H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

The County and the City of Covina described in this Official Statement each maintain their own website. However, the information presented on such websites is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2014 Bonds.

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Tax Allocation Revenue Refunding Bonds

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Project Areas

INTRODUCTION

This introduction contains only a brief summary of certain terms of the Series 2014 Bonds being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the "State") and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in the forepart of this Official Statement and not otherwise defined herein have the respective meanings assigned to them in the Trust Agreement. See APPENDIX D – "SUMMARY OF TRUST AGREEMENT" attached hereto. For information regarding the Agency Participant and the terms of the Agency Indenture for the Local Obligations (each as defined below), see APPENDIX A under the caption "SECURITY FOR THE REFUNDING BONDS."

Changes to Preliminary Official Statement

Changes have been made to this Official Statement since the publication of the Preliminary Official Statement dated December 11, 2014 (the "Preliminary Official Statement") to reflect the completion of the City of Covina's audited financial statements for the fiscal year ending June 30, 2014. Such audited financial statements are included in this Official Statement in APPENDIX C and replace the audited financial statements for the fiscal year ending June 30, 2013 that were included in the Preliminary Official Statement. See "FINANCIAL STATEMENTS" and "APPENDIX C" hereto.

General

This Official Statement, including the cover page, the inside cover pages and the appendices attached hereto (the "Official Statement"), provides certain information concerning the sale and issuance by the County of Los Angeles Redevelopment Refunding Authority (the "Authority") of its Tax Allocation Revenue Refunding Bonds, Series 2014E (the "Series 2014 Bonds"). The Series 2014 Bonds will be issued pursuant to a Trust Agreement dated as of December 1, 2014 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee") and the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time.

For over 50 years, State law provided for the creation of redevelopment agencies and redevelopment commissions in accordance with the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code and referred to herein as the "Law"). Once created, each was authorized to transact business and exercise its powers, all under and pursuant to the Law, including the power to issue bonds and incur indebtedness for any of its corporate purposes. As part of an effort to address structural deficits in the State's general fund budgets for its fiscal years 2011-12 and 2012-13, the State Legislature and Governor serially enacted Assembly Bill X1 26 ("AB 26") and Assembly Bill 1484 ("AB 1484") as trailer bills necessary to implement provisions of the State's budget acts for such years.

In general, this legislation dissolved redevelopment agencies ("Former RDAs") and provided for the assumption of defined enforceable obligations by successor agencies and other designated authorities to such Former RDAs (the "Successor Agencies") under limited powers and authority. AB 1484 was enacted on June 27, 2012 as part of the Fiscal Year 2012-13 State of California budget bill. AB 1484 modified and supplemented provisions of AB 26, including provisions related to the refunding of outstanding former redevelopment agency bonds and other indebtedness, and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010. With respect to outstanding bonds and indebtedness, AB 1484 authorizes successor agencies to refund outstanding bonds or other indebtedness provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the bonds or other indebtedness as described herein, to establish customary debt service reserves, and to pay related costs of issuance. See Appendix A with respect to the refunding plan under the caption "THE REFUNDING PLAN."

The County Refunding Program

The County of Los Angeles (the "County") has developed a program (the "County Refunding Program") and caused the formation of the Authority to assist Successor Agencies within the County to refund tax increment obligations pursuant to AB 1484 in order to provide debt service savings and to increase property tax revenues available for distribution to affected taxing entities. Concurrently with the issuance of the Series 2014 Bonds, the Successor Agency to the Covina Redevelopment Agency (the "Agency Participant") will issue its Successor Agency to the Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2014A (the "Local Obligations") pursuant to an Indenture of Trust dated as of December 1, 2014 (the "Agency Indenture"), by and between the Agency Participant and The Bank of New York Mellon Trust Company, N.A., (the "Agency Trustee"), the proceeds of which will be used to refund certain bonds relating to the Agency Participant's Covina Revitalization-Redevelopment Project No. One and Covina Revitalization-Redevelopment Project No. Two (collectively, the "Project Areas"), as more fully described herein. Proceeds of the Series 2014 Bonds will be used to purchase the Local Obligations.

From time to time, the Authority may issue other tax allocation revenue refunding bonds, each under a separate trust agreement and offering document, for the purpose of assisting Successor Agencies within the County, which may include the Agency Participant, to refund tax increment obligations pursuant to AB 1484 by purchasing tax allocation refunding bonds issued by such Successor Agencies. There is no cross-collateralization among any of such tax allocation revenue refunding bonds issued by the Authority.

For detailed information regarding the Agency Participant and the terms of the Agency Indenture for the Local Obligations, see Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS."

The Series 2014 Bonds will be special, limited obligations of the Authority, payable from and secured by Revenues (as defined herein) of the Authority, consisting primarily of payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and received by the Authority from the Agency Participant. The Series 2014 Bonds will be secured solely by the payments made on the Local Obligations. The Local Obligations are being issued to prepay the Loan Agreement dated as of July 1, 1997, by and among the Former RDA, the Covina Public Financing Authority and BNY Western Trust Company (predecessor-in-interest to The Bank of New York Mellon Trust Company, N.A.), and to refund the Covina Redevelopment Agency 2004 Tax Allocation Bonds, Series A (Covina Revitalization – Redevelopment Project No. One) (collectively, the "Refunded Obligations").

The Local Obligations will be payable from and secured by designated property tax revenues (formerly tax increment revenues) related to the Project Areas as specified in the Agency Indenture, which will include moneys deposited, from time to time, in the related Redevelopment Property Tax Trust Fund ("RPTTF") attributable to the Agency Participant and the Project Areas, as provided in California Health and Safety Code section 34183, as more fully described herein. The Agency Indenture specifies the property tax revenues pledged. Collectively, such designated property tax from the Project Areas (subject to certain statutory and contractual deductions specified in the Agency Indenture) as pledged under the Agency Indenture is referred to herein as "Tax Revenues."

Under the Agency Indenture, Tax Revenues is defined to mean: "all taxes annually allocated within the Plan Limit and paid to the Agency Participant pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plans available and deposited in the RPTTF, to the extent not pledged to Senior Bonds, payable with respect to Pass-Through Agreements or in accordance with Section 33607.5 or Section 33607.7 or Section 33676 of the Law. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution." The payment of debt service on the Local Obligations will be payable from Tax Revenues on a basis subordinate to the payment of debt service on the Covina Redevelopment Agency, 2004 Taxable Tax Allocation Bonds, Series B, Covina Revitalization – Redevelopment Project No. One (the "2004 Series B Bonds") and the Successor Agency to the Covina Redevelopment Agency, Covina Revitalization-Redevelopment Project No. One Tax Allocation Refunding Bonds, Series 2013A (the "2013 Bonds" and together with the 2004 Series B Bonds, the "Senior Bonds").

Payments on the Local Obligations to be purchased by the Authority under the Trust Agreement are calculated to be sufficient to permit the Authority to pay the principal of, premium (if any) and interest on the Series 2014 Bonds when due. The Local Obligations will be registered in the name of the Trustee and Local Obligations payments will be paid to the Trustee under the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS" herein.

The County Intercept

In order to assist the Agency Participant, the County Auditor-Controller and the County Treasurer and Tax Collector have accepted the irrevocable direction of the Agency Participant to transfer on or about each January 2 and June 1 to an account of the Agency Participant held by the Agency Trustee under the Agency Indenture, all amounts set forth in any duly approved ROPS with respect to principal and interest payments due on the Local Obligations and any senior obligations, including the Senior Bonds, and any deficiency in the reserve account for the Local Obligations. Such transfers to the Agency Trustee shall be made after the payment of unsubordinated pass-through obligations to local taxing entities, if any, as provided in Section 34183(a) of the California Health and Safety Code. The Authority has covenanted to take such actions as may be reasonable and necessary to compel the County Auditor-Controller and the County Treasurer and Tax Collector to comply with the irrevocable direction of the Agency Participant to make such transfers. However, no assurance can be given that a court would order the County Auditor-Controller and the County Treasurer and Tax Collector to continue to make such transfers if either or both refused to do so. The Agency Participant remains obligated under the Agency Indenture to take all actions required under the Dissolution Act to include on its ROPS for each six-month period all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, any deficiency in the reserve account for the Local Obligations to the debt service reserve requirement, and any Compliance Costs (as defined in this Official Statement).

Terms of the Series 2014 Bonds

The Series 2014 Bonds will be issued in Authorized Denominations of $5,000 and any integral multiple thereof. The Series 2014 Bonds will be dated the date of original delivery thereof and will bear interest payable semiannually on June 15 and December 15, commencing on June 15, 2015. Principal on the Series 2014 Bonds will be due on December 15, as shown on the inside cover.

The Series 2014 Bonds will be issued in fully-registered form only, 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 for the Series 2014 Bonds. Ownership interests in the Series 2014 Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2014 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Series 2014 Bonds. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Series 2014 Bonds are not subject to optional redemption but could be subject to mandatory redemption prior to maturity resulting from the acceleration of amounts due on the Local Obligations as a result of an event of default under the Agency Indenture, as described herein. See "THE SERIES 2014 BONDS – Redemption" herein.

Security and Sources of Payment for the Series 2014 Bonds

The Series 2014 Bonds will be special limited obligations of the Authority, payable from and secured as to the payment of the principal, premium (if any) and interest thereon in accordance with their terms and the terms of the Trust Agreement, solely from (i) the Revenues (as defined below); (ii) the amounts in the funds and accounts established under and as specified in the Trust Agreement (except amounts in the Rebate Fund), and (iii) the Local Obligations purchased from proceeds of the Series 2014 Bonds (collectively, the "Trust Estate"). Under the Trust Agreement, "Revenues" is defined to mean all amounts received by the Trustee as the payment of interest or premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, the Local Obligations purchased from proceeds of the Series 2014 Bonds, whether as a result of scheduled payments or redemptions or remedial proceedings taken in the event of a default thereon, and all investment earnings on any moneys held in the funds or accounts established under the Trust Agreement, except the Rebate Fund.

The Series 2014 Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of, premium (if any) and interest on the Series 2014 Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of, premium (if any) and interest on the Series 2014 Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of, premium (if any) and interest on the Series 2014 Bonds. The payment of the principal of, premium (if any) and interest on the Series 2014 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority. See APPENDIX D – "SUMMARY OF TRUST AGREEMENT" attached hereto.

The Local Obligations will be special limited obligations of the Agency Participant and are payable, as to principal, premium (if any) and interest thereon, exclusively from the Tax Revenues under, and to the extent described in, the Agency Indenture, and the Agency Participant is not obligated to pay such principal of, premium (if any) and interest on the Local Obligations except from such Tax Revenues. See Appendix A for a description of the lien of Tax Revenues for the Project Areas, including a description of any superior claims and liens on such Tax Revenues. The Local Obligations will be payable as set forth in the Agency Indenture, is not a debt of the Former RDA's original sponsoring city, the County, the State or any other political subdivision of the State, and neither said city, the State, the County nor any of the State's other political

subdivisions is liable therefor, nor in any event shall the Local Obligations be payable out of any funds or properties other than those of the Agency Participant and the Project Areas in the RPTTF pledged therefor as provided in the Agency Indenture.

The Local Obligations are not a general obligation of the Agency Participant or Former RDA, but is a limited obligation of the Agency Participant and the Project Areas, payable solely from the Tax Revenues under, and to the extent described in, the Agency Indenture and the funds in the RPTTF pledged therefor under the Agency Indenture, as applicable.

For information regarding the Agency Participant and the Agency Indenture, see Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS."

Reserve Account under Agency Indenture

Upon issuance of the Local Obligations, the amount on deposit in the reserve account established under the Agency Indenture will be equal to the debt service reserve requirement for the Local Obligations. For information regarding the reserve account relating to the Agency Indenture and the Project Areas, see Appendix A under the heading "Reserve Account" under the caption "SECURITY FOR THE REFUNDING BONDS."

Municipal Bond Insurance and Debt Service Reserve Policy

The scheduled payment of principal of and interest on the insured Series 2014 Bonds (as shown on the inside cover page herein, the "Insured Series 2014 Bonds") when due will be guaranteed pursuant to an insurance policy to be issued concurrently with the delivery of the Series 2014 Bonds by Assured Guaranty Municipal Corp. ("AGM"). AGM will also issue a debt service reserve fund policy for the Local Obligations as described herein. See "BOND INSURANCE" herein, Appendix A under the heading "Reserve Account" under the caption "SECURITY FOR THE REFUNDING BONDS" and APPENDIX H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Additional Bonds

The Trust Agreement does not authorize the issuance of additional bonds or parity debt. There is limited authority under the Agency Indenture for the Agency Participant to issue additional bonds. The Dissolution Act in its current form does not permit a successor agency issuing bonds or incurring other indebtedness for purposes other than refunding existing enforceable obligations or outstanding bonds of the agency resulting in savings. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS" herein and Appendix A under the heading "Parity Debt Limited to Refunding Bonds" under the caption "SECURITY FOR THE REFUNDING BONDS."

The County

The County is located in the southern coastal portion of the State and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and is more populous than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, and tourism.

The Authority

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated August 6, 2013 (the "JPA Agreement"), by and between the County and the Los Angeles County Public Works Financing Authority, a joint exercise of powers authority formed pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993, as amended by a Certificate of Amendment dated April 26, 1994 and a Certificate of Amendment dated October 22, 1996, to purchase certain local tax allocation obligations issued by successor agencies to former community redevelopment agencies within the County as described in Section 34173 of the California Health and Safety Code, as amended, and other purposes, including refunding any of its then-outstanding bonds.

Continuing Disclosure

The Agency Participant will covenant and agree for the benefit of Owners and any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2014 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) (the "Beneficial Owners") to provide certain financial information and operating data relating to the Agency Participant by not later than the first day of the month following the eighth month after the end of the Agency Participant's fiscal year (presently June 30), which is March 1, in each year commencing with its report for the 2014-15 Fiscal Year (with the exception of the items described in Section 3(a), which shall be provided not later than the Annual Report Date for the 2013-14 Fiscal Year). The Authority will covenant and agree to provide notices of the occurrence of certain enumerated events. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT." For information regarding the Agency Participant and the Continuing Disclosure Agreement, see Appendix A under the heading "Continuing Disclosure" under the initial captions describing the Agency Participant.

The Authority as Dissemination Agent

The Authority has agreed to assist the Agency Participant in the preparation of annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, principal taxpayers, and, if applicable, plan limit calculations. The Agency Participant will agree to be responsible for preparing the audited financial statements required under the Continuing Disclosure Agreement. The Authority will act as Dissemination Agent (the "Dissemination Agent") and will file the annual reports, including audited financial statements, and notices with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"), including notices of enumerated events. In carrying out the duties of Dissemination Agent, the Authority will adhere to the continuing disclosure procedures approved by the County Treasurer and Tax Collector.

REFUNDING OF AGENCY OBLIGATIONS

Proceeds of the Series 2014 Bonds will be used by the Authority to purchase the Local Obligations. The Local Obligations are being issued to (i) refund the Refunded Obligations, (ii) fund a deposit to, or purchase a surety for deposit to, a reserve account under the Agency Indenture for the benefit of the Series 2014 Bonds, and (iii) pay costs of issuance of the Local Obligations and the Series 2014 Bonds. The Refunded Obligations were originally issued to finance or refinance improvements for the benefit of the Project Areas. For information regarding the Agency Participant and the refunding plan, see Appendix A under the caption "THE REFUNDING PLAN."

The following tables detail the principal amount of the Local Obligations, final maturity of the Local Obligations, and the principal amount of Refunded Obligations to be refunded.

Local Obligations			
Local Obligations	***Local Obligations Amount***	***Refunded Obligation Amount***[1]	***Final Maturity***
Covina Successor Agency 2014A Bonds	$6,985,000	$8,810,000	2023

(1) Amount at the prepayment date.

On the date of issuance of the Series 2014 Bonds and the Local Obligations, net proceeds of the Local Obligations will be applied to the prepayment and refunding of the Refunded Obligations as described in Appendix A under the caption "THE REFUNDING PLAN" and transferred to an escrow agent (each, an "Escrow Agent") for each respective Refunded Obligation for deposit into Escrow Funds established with respect to each of the Refunded Obligations under Escrow Agreements dated as of December 1, 2014 (each, an "Escrow Agreement") as described in Appendix A. The amount deposited under each Escrow Agreement, together with other available moneys, will be held uninvested, or invested in certain Federal Securities, and irrevocably pledged for the payment of the related Refunded Obligations on the first date for which redemption can be duly noticed, See Appendix A with respect to the refunding plan under the caption "THE REFUNDING PLAN."

Proceeds applied to the prepayment and refunding, respectively, of each respective Refunded Obligation and moneys deposited in the Escrow Funds are not available to pay principal of or interest on the Local Obligations or the Series 2014 Bonds.

See "ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2014 BONDS" below. See also "VERIFICATION OF MATHEMATICAL ACCURACY" below.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2014 BONDS

The proceeds of the Series 2014 Bonds are expected to be applied approximately as set forth below. Costs of issuance, which includes legal fees, printing costs, rating agency fees, underwriters' discount, and other miscellaneous expenses will be paid from proceeds of the Local Obligations.

	Series 2014 Bonds
Sources of Funds:	
Principal Amount of Series 2014 Bonds	$6,985,000.00
Plus Original Issue Premium	595,177.10
Less Underwriters' Discount	(63,525.37)
Amounts released from prior obligations[1]	1,553,366.44
TOTAL SOURCES	$9,070,018.17
Uses of Funds:	
Purchase of Local Obligations[2]	$9,070,018.17
TOTAL USES	$9,070,018.17

(1) Includes amounts released from funds securing certain Refunded Obligations including existing balances in the debt service funds in excess of required reserves.

(2) For more information, see the sources and uses of funds for the Local Obligations in the following table.

The proceeds of the Local Obligations are expected to be applied approximately as set forth below. Underwriters' discount and costs of issuance, which includes legal fees, printing costs, rating agency fees, and other miscellaneous expenses will be paid from proceeds of the Local Obligations.

	Local Obligations
Sources of Funds:	
Principal Amount of Series 2014 Bonds	$6,985,000.00
Plus Original Issue Premium	595,177.10
Less Purchaser's Discount	(63,525.37)
Amounts released from prior obligations[1]	1,553,366.44
TOTAL SOURCES	$9,070,018.17
Uses of Funds:	
Deposit to Escrow Funds	$8,861,790.31
Share of Authority Costs of Issuance[2]	$208,227.86
TOTAL USES	$9,070,018.17

(1) Includes amounts released from funds securing certain Refunded Obligations including existing balances in the debt service funds.

(2) Includes cost of bond insurance and debt service reserve fund policy, trustee and escrow fees, rating agency fees, bond counsel fees, financial advisor fees, printing costs and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule and aggregate debt service for the Series 2014 Bonds, assuming no prepayments or redemptions. The Local Obligations have their own payment schedule which, in the aggregate, has been sized to equal debt service on the Series 2014 Bonds.

	Series 2014 Bonds		
Bond Year Ending December 15	***Principal***	***Interest***	***Total***
2015	$1,130,000.00	$257,693.34	$1,387,693.34
2016	1,710,000.00	240,950.00	1,950,950.00
2017	1,760,000.00	189,650.00	1,949,650.00
2018	1,835,000.00	119,250.00	1,954,250.00
2019	115,000.00	27,500.00	142,500.00
2020	125,000.00	21,750.00	146,750.00
2021	125,000.00	15,500.00	140,500.00
2022	135,000.00	9,250.00	144,250.00
2023	50,000.00	2,500.00	52,500.00
Totals	$6,985,000.00	$884,043.34	$7,869,043.34

Source: The Underwriters.

DEBT SERVICE COVERAGE FROM LOCAL OBLIGATIONS

The following table sets forth the debt service schedule and aggregate debt service for the Series 2014 Bonds, assuming no prepayments or redemptions other than sinking fund redemption, if any.

Debt Service Coverage Table - Series 2014 Bonds

Bond Year Ending December 15	*Covina Successor Agency Local Obligations Debt Service*	*Total Series 2014 Bonds Debt Service*	*Debt Service Coverage*
2015	$1,387,693.34	$1,387,693.34	100%
2016	1,950,950.00	1,950,950.00	100%
2017	1,949,650.00	1,949,650.00	100%
2018	1,954,250.00	1,954,250.00	100%
2019	142,500.00	142,500.00	100%
2020	146,750.00	146,750.00	100%
2021	140,500.00	140,500.00	100%
2022	144,250.00	144,250.00	100%
2023	52,500.00	52,500.00	100%

Source: The Underwriters.

As can be seen in the table above, the Local Obligations have their own payment schedule which, in the aggregate, equals debt service on the Series 2014 Bonds. HdL Coren & Cone, Los Angeles, California (the "Fiscal Consultant") has been retained to estimate the incremental taxable value for the Project Areas as set forth in the Fiscal Consultant's Report appearing in Appendix B. See Appendix A under the caption "THE PROJECT AREAS – Estimated Debt Service Coverage" for projections of tax increment revenues and debt service coverage on the Local Obligations.

To estimate the revenues available to pay debt service on the Local Obligations, the Fiscal Consultant has made certain assumptions with regard to the assessed valuations in the Project Areas, future tax rates and percentage of taxes collected. The Agency Participant believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than such assumptions, the Tax Revenues available to pay debt service on its Local Obligations will likely be less than those projected. No assurance can be given that the aggregate coverage projections with respect to such Local Obligations as shown in Appendix A will be met.

THE SERIES 2014 BONDS

The following is a summary of certain provisions of the Series 2014 Bonds. Reference is made to the Series 2014 Bonds for the complete text thereof and to the Trust Agreement for a more detailed description of such provisions. The discussion herein is qualified by such reference. See APPENDIX D – "SUMMARY OF TRUST AGREEMENT" attached hereto.

Authority for Issuance

The Series 2014 Bonds will be a special, limited obligation of the Authority payable from and secured by Revenues which will consist primarily of payments made on the Local Obligations to be purchased by the Authority under the Trust Agreement. The Local Obligations will be purchased by the Authority pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time (the "Marks-Roos Law"). The Series 2014 Bonds are being issued pursuant to the provisions of the Marks-Roos Law, a Resolution adopted by the Authority and the Trust Agreement. The Local Obligations will be registered in the

name of the Trustee and the payments thereon will be pledged under the Trust Agreement to secure payment of the Series 2014 Bonds.

General

The Series 2014 Bonds will be issued in Authorized Denominations of $5,000 and any integral multiple thereof. The Series 2014 Bonds will be dated the date of original delivery thereof and will bear interest payable semiannually on June 15 and December 15, commencing on June 15, 2015. Principal on the Series 2014 Bonds will be due on December 15, as shown on the inside cover.

The Series 2014 Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2014 Bonds. Ownership interests in the Series 2014 Bonds may be purchased in book-entry form only. Principal of and interest and premium (if any) on the Series 2014 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Direct Participants (defined herein) for subsequent disbursement to the Owners of the Series 2014 Bonds. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The principal of, premium (if any) and interest on the Series 2014 Bonds will be payable by check in lawful money of the United States of America. The Series 2014 Bonds will be issued as fully registered bonds in Authorized Denominations and will be numbered as the Authority will determine. The Series 2014 Bonds will bear interest from their date of initial delivery. Payment of the interest on any Bond will be made to the Person whose name appears on the Bond Register as the Owner thereof as of the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of one million dollars ($1,000,000) or more in aggregate principal amount of Bonds, upon written request of such Owner to the Trustee under the Trust Agreement, in form satisfactory to the Trustee, received not later than the Record Date, such interest will be paid on the Interest Payment Date in immediately available funds by wire transfer. The principal and premium (if any) on the Series 2014 Bonds will be payable at the Principal Corporate Trust Office of the Trustee upon presentation and surrender of such Bonds. Notwithstanding the foregoing, so long as DTC or its nominee is the registered owner of the Bonds, interest payments will be made as described in APPENDIX G – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

Redemption

No Mandatory Redemption from Optional Local Obligations Prepayments for Series 2014 Bonds. The Series 2014 Bonds will not be subject to mandatory redemption from any Prepayments with respect to the Local Obligations.

Mandatory Redemption as a Result of Acceleration. The Series 2014 Bonds may be subject to mandatory redemption, in whole or in part on any date, from and to the extent of any amounts received with respect to the Local Obligations as a result of the acceleration of amounts due on the Local Obligations upon an event of default under the Agency Indenture, at a redemption price equal to the principal amount of the Series 2014 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption. Whenever less than all of the Series 2014 Bonds are to be redeemed as a result of acceleration, the Trustee will, on or prior to the redemption date, receive a Cash Flow Certificate specifying the maturity or maturities of such Series 2014 Bonds to be redeemed and showing that the remaining payments of principal of and interest on the Local Obligations, together with other Revenues available under the Trust Agreement, will be sufficient to pay on a timely basis the principal of and the interest on the Series 2014 Bonds not so redeemed when due.

Notice of Redemption. In the case of any redemption of Series 2014 Bonds, the Trustee will give notice under the Trust Agreement that the Series 2014 Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Series 2014 Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Series 2014 Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Series 2014 Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and that from and after such date such Series 2014 Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof will have no rights in respect of such redeemed Series 2014 Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption.

Such notice will be mailed by first class mail, postage prepaid, at least twenty (20) but not more than sixty (60) days before the date fixed for redemption, to the Security Depository, the MSRB and the Owners of such Series 2014 Bonds, or portions thereof, so called for redemption, at their respective addresses as the same will last appear on the Bond Register. No notice of redemption need be given to the Owner of a Series 2014 Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an Owner to receive notice of redemption of Series 2014 Bonds under the Trust Agreement nor any error in such notice will affect the validity of the proceedings for the redemption of Series 2014 Bonds.

Any notice of redemption may be expressly conditional and may be rescinded by Written Order given to the Trustee under the Trust Agreement not later than the date fixed for redemption. Upon receipt of such Written Order, the Trustee will promptly mail notice of such rescission to the same parties that were mailed the original notice of redemption.

Selection of Series 2014 Bonds for Redemption. Whenever less than all the Outstanding Series 2014 Bonds of any one maturity are to be redeemed on any one date, the Trustee will select the particular Series 2014 Bonds to be redeemed from the Outstanding Series 2014 Bonds of such maturity not previously selected for redemption, by lot in any manner which the Trustee deems fair.

Payment of Redeemed Series 2014 Bonds. If notice of redemption has been given as summarized above, or waived, each as provided in the Trust Agreement, the Series 2014 Bonds or portions thereof called for redemption will be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Series 2014 Bonds to be redeemed at the office specified in the notice of redemption. If there will be less than the full principal amount of a Series 2014 Bond called for redemption, the Authority will execute and deliver and the Trustee will authenticate, upon surrender of such Series 2014 Bond, and without charge to the Owner thereof, Series 2014 Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Series 2014 Bonds so surrendered in such Authorized Denominations as will be specified by the Owner.

If any Series 2014 Bond or any portion thereof will have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, will have been made or provided for by the Authority, then interest on such Series 2014 Bond or such portion will cease to accrue from such date, and from and after such date such Series 2014 Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof will have no rights in respect of such Series 2014 Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Purchase in Lieu of Redemption. In lieu of redemption of any Series 2014 Bond, amounts on deposit in the Tax Increment Fund may also be used and withdrawn by the Trustee at any time prior to selection of Series 2014 Bonds for redemption having taken place with respect to such amounts, upon a Written Request of the Authority, for the purchase of such Series 2014 Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Authority may in its discretion determine, but not in excess of par plus accrued interest. Any accrued interest payable upon the purchase of Series 2014 Bonds shall be paid from amounts held in the Tax Increment Fund for the payment of interest on the next following Interest Payment Date. Any Series 2014 Bonds so purchased shall be cancelled by the Trustee forthwith and shall not be reissued.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS

Special Obligations

The Series 2014 Bonds will be special limited obligations of the Authority, payable from and secured as to the payment of the principal, premium (if any) and interest thereon in accordance with their terms and the terms of the Trust Agreement, solely from the Trust Estate, which will consist primarily of principal and interest payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and to be owned by the Authority as set forth in the Agency Indenture. The Series 2014 Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of, premium (if any) and interest on any Series 2014 Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of, premium (if any) and interest on the Series 2014 Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of, premium (if any) and interest on the Series 2014 Bonds. The payment of the principal of, premium (if any) and interest on the Series 2014 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

The Local Obligations will be a special limited obligation of the Agency Participant and are payable, as to principal, premium (if any) and interest thereon, exclusively from the Tax Revenues, and funds on deposit in certain funds and accounts established under and as specified in the Agency Indenture, and the Agency Participant is not obligated to pay such principal of and interest on the Local Obligations except from such Tax Revenues. The Local Obligations will be payable as set forth in the Agency Indenture, is not a debt of the Former RDA's original sponsoring city, the County, the State or any other political subdivision of the State, and neither said city, the State, the County nor any of the State's other political subdivisions is liable therefor, nor in any event shall the Local Obligations be payable out of any funds or properties other than those of the Agency Participant collected from the Project Areas and pledged therefor as provided in the Agency Indenture.

The Local Obligations have their own payment schedule which has been sized to pay debt service on the Series 2014 Bonds. All of the obligations of the Agency Participant with respect to the Local Obligations are not general obligations of the Agency Participant or Former RDA, but are special limited obligations of the Agency Participant and the Project Areas, payable solely from the Tax Revenues under, and to the extent described in, the Agency Indenture and the funds pledged therefor under the Agency Indenture.

In order to assist the Agency Participant, the County has accepted the irrevocable direction of the Agency Participant to transfer on or about each January 2 and June 1, commencing January 2, 2015, to an account of the Agency Participant, held by the Agency Trustee under the Agency Indenture, all amounts set forth in any duly approved ROPS with respect to principal and interest payments due on the Local Obligations and any senior obligations, including the Senior Bonds, and any deficiency in the reserve account for the Local Obligations. Such transfers to the Agency Trustee shall be made after the payment of unsubordinated pass-through obligations to local taxing entities, if any, as provided in Section 34183(a) of the California Health and

Safety Code. The Authority has covenanted to take such actions as may be reasonable and necessary to compel the County to comply with the irrevocable direction of the Agency Participant to make such transfers. However, no assurance can be given that a court would order the County to continue to make such transfers if the County refused to do so. The Agency Participant remains obligated under the Agency Indenture to take all actions required under the Dissolution Act to include on its Recognized Obligation Payment Schedule for each six-month period all payments expected to be made to each Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, deficiency in the reserve account for the Local Obligations to the debt service reserve requirement, and any Compliance Costs. See Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS" for a discussion of the specific claim and lien on Tax Revenues for the Agency Participant and the Project Areas.

Upon the issuance of the Local Obligations, the amount on deposit in the reserve account established under the Agency Indenture will be equal to the debt service reserve requirement for the Local Obligations. No deposit need be made in any such reserve account so long as there will be on deposit therein a sum equal to the debt service reserve requirement. For information regarding the Agency Participant's reserve account, which may be cash funded or secured by a debt service reserve surety, see Appendix A under the heading "Reserve Account" under the caption "SECURITY FOR THE REFUNDING BONDS."

Tax Revenues

Under California law, the rate of *ad valorem* property taxes which may be levied with respect to property within a project area is generally limited to 1% of the "full cash" assessed value. In this Official Statement and in Appendix A such taxes are referred to as the "general levy" and are allocated to the State, the County, the Former RDA's original sponsoring city, and all other taxing entities having jurisdiction over all or a portion of the Project Areas. The assessed values of property within such project area, as last equalized prior to adoption of the redevelopment plan, is the "base year" assessed values (the "Base Year").

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

(a) *To Taxing Agencies*: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the respective redevelopment project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the related redevelopment plan, or the respective effective dates of ordinances approving amendments to the related redevelopment plan that added territory to the respective redevelopment project area, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) *To the Respective Former RDA*: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion will be allocated to, and when collected will be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Plan Limit following the Delivery Date, when collected will be paid into a

special fund of the former redevelopment agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the RPTTF attributable to the Agency Participant and the Project Areas will be deemed to be a special fund of the Agency Participant to pay the debt service on indebtedness incurred by the former redevelopment agencies.

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

Taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent after December 10 and April 10. Taxes on unsecured property are due July 1 and become delinquent August 31. As of February 1, 2012, the allocation of tax increment revenue was dictated by the legislation adopted as AB 26. Revenue to successor agencies is now made on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 2 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own administrative charges and is to calculate and deduct amounts (if not subordinated) owed to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law that have not been subordinated to debt obligations, including debt service. The amount remaining after these reductions, if any, will be available for payment by the Agency Participant of debt obligations on a valid ROPS of the former redevelopment agency.

Prior to receiving revenues on January 2 and June 1, the Agency Participant must adopt a ROPS that lists the debt obligations of the former redevelopment agency that must be paid during the upcoming six month periods of January 1 through June 30 and July 1 through December 31. There is provision in the legislation for the Agency Participant to request additional amounts in one ROPS period to allow it to make payments that may be beyond the revenues available in the upcoming allocation cycle. The ROPS must be approved by an Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. The ROPS must also receive approval from the State Department of Finance (the "DOF").

The Agency Participant is entitled to receive tax revenues to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by the legislation at a minimum $250,000 per year and a maximum that is 3% of the RPTTF allocated to the successor agency for each fiscal year. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Agency Participant's administrative cost allowance will be reduced or eliminated.

As to the Agency Participant, if there are RPTTF amounts remaining after reductions for county administrative charges, pass-through obligations, ROPS obligations and the Agency Participant's administrative cost allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each ROPS cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund ("ERAF").

The Agency Participant has no power to levy and collect taxes, and any provision of law limiting property taxes or allocating additional sources of income to taxing agencies and having the effect of reducing the property tax rate must necessarily reduce the amount of tax increment revenues and, accordingly, Tax Revenues that would otherwise be available to pay debt service on the Local Obligations. Likewise, broadened property tax exemptions could have a similar effect (see "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" below).

Conversely, any increase in the present tax rate or assessed valuation, or any reduction or elimination of present property tax exemptions, or the satisfaction of enforceable obligations, would increase the Tax Revenues available to pay debt service on the Local Obligations (see "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" for discussion of the Constitutional constraints of increasing tax rates and assessed valuation).

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former RDA had the Former RDA not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the RPTTF for the Agency Participant established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act further provides that any bonds authorized under its terms to be issued by the Agency Participant will be considered indebtedness incurred by the dissolved RDA, with the same legal effect as if the bonds had been issued prior to effective date of AB 26, in full conformity with the applicable provision of the Law that existed prior to that date, and debt service will be included in the Agency Participant's ROPS. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Recognized Obligation Payment Schedule."

The Dissolution Act further provides that bonds authorized under its terms to be issued by the Agency Participant will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the RPTTF attributable to the Agency Participant and the Project Areas, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Local Obligations, are taxes allocated to the Agency Participant pursuant to the provisions of the Law and the State Constitution which provided for the allocation of tax increment revenues under the Law, as described in the foregoing paragraph.

See Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS" for a discussion of the specific claim and lien on Tax Revenues for the Agency Participant and the Project Areas. The Agency Participant has no power to levy property taxes and must look specifically to the allocation of taxes as described above.

In accordance with the Dissolution Act, the Local Obligations will be payable from and secured by Tax Revenues which will generally include, moneys deposited, from time to time, in the RPTTF attributable to the Agency Participant and the Project Areas, as provided in paragraph (2) of subdivision (a) of the California Health and Safety Code Section 34183. The Local Obligations will be payable from and secured by Tax Revenues subject to senior obligations, certain deductions for unsubordinated pass-through payments to taxing entities, if any, and for debt service on bonds issued on a basis senior to the Series 2014 Bonds, including the Senior Bonds, and County collection charges. See Appendix A for a description of the lien of Tax Revenues for the Project Areas. The Agency Participant is not obligated to pay such principal of, premium (if any) and interest on the Local Obligations except from such Tax Revenues. See Appendix A for a description of the lien of Tax Revenues for the Project Areas, including a description of any superior claims and liens on such Tax Revenues. As provided in the Agency Indenture, if, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to the California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, which prior to the adoption of the Dissolution Act were required to be deposited into the Former RDA's low and moderate income housing fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Housing Set-Aside." Accordingly, the Local Obligations will be payable from, and secured by, Tax Revenues, including amounts constituting the former Housing Set-Aside.

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Areas, to the extent they constitute Gross Tax Revenues, as further described in Appendix A, will be deposited in the RPTTF for transfer by the County Auditor-Controller to the Agency Participant's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency Participant's ROPS in accordance with the requirements of the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Recognized Obligation Payment Schedule"). Monies deposited by the County Auditor-Controller into the Agency Participant's Redevelopment Obligation Retirement Fund will be transferred by the County pursuant to an irrevocable direction of the Agency Participant directing the County to transfer to the Debt Service Fund or similar fund established under the Agency Indenture and administered by the Agency Trustee in accordance with the Agency Indenture.

The Agency Participant has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on indebtedness including, without limitation, the Local Obligations (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Tax Allocation Financing" and "– Recognized Obligation Payment Schedule" and "RISK FACTORS" in the forepart of this Official Statement). See also "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement and "SPECIAL RISK FACTORS" in Appendix A.

Tax increment revenues are computed based upon the annual incremental assessed value of the Project Areas multiplied by a tax rate determined by the County Auditor-Controller. The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of $1.00 per $100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% ($1.00 of $100 taxable value) in accordance with Article XIIIA. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988. Based upon the County Auditor-Controller's reliance to use the basic one percent tax rate in calculating the RPTTF allocation, a one percent levy is used in the revenue projections herein and in the Fiscal Consultant's Report. See Appendix A under the caption "THE PROJECT AREAS – Projected Tax Revenues" for a discussion of the tax rate assumptions utilized by the Fiscal Consultant in projecting Gross Tax Revenues for the Project Areas.

Section 34183(a)(1) of the Redevelopment Law requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. Under the County's interpretation of this Section, revenues derived from over-ride tax rates levied for pension related obligations have been determined to not be for "annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvements of real property." As a result, tax increment revenues derived from over-ride tax rates levied for pension related obligations within the Project Areas are included in the revenues distributed from the RPTTF.

In Los Angeles County, there are thirteen cities that levy over-ride tax rates in order to fund pension fund obligations. However, the Agency Participant is not related to any of these 13 cities.

Tax Allocation Financing

Prior to the enactment of AB 26, the Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such designated property tax allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Local Obligations, to be secured by a pledge of monies deposited from time to time in a RPTTF attributable to such Successor Agency and project area held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Law to the redevelopment agency and formerly authorized under the Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Agency Indenture, Tax Revenues consist of the amounts deposited from time to time in the RPTTF attributable to the Agency Participant and the Project Areas established pursuant to and as provided in the Dissolution Act, subject to certain deductions for unsubordinated pass-through payments to taxing entities, unsubordinated contractual obligations to third parties and County collection charges. See Appendix A under the captions describing Pass-Through Agreements and Statutory Pass-Through Amounts under the caption "SECURITY FOR THE REFUNDING BONDS" for a discussion of the specific claim and lien on Tax Revenues for the Agency Participant and the Project Areas. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" in the forepart of this Official Statement. See also "SPECIAL RISK FACTORS" in Appendix A.

The Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project as described in Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS – Statutory Pass-Through Amounts." Negotiated agreements for this purpose are generally described as pass-through or tax sharing agreements ("Pass-Through Agreements" in the forepart of this Official Statement). Additionally, Section 33607.5 and 33607.7 of the Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the "Statutory Pass-Through Amounts" in the forepart of this Official Statement). The Dissolution Act requires the county auditor-controller to distribute from the RPTTF amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the county auditor-controller from the RPTTF to the Agency Participant's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the dissolved agency, as succeeded by the Agency Participant, (ii) the Agency Participant has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available from the RPTTF allocation to the Agency Participant's Redevelopment Obligation Retirement Fund, from other funds transferred from the dissolved agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund each of the Agency Participant's enforceable obligations, pass-through payments, and each of the Agency Participant's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Agency Participant that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Agency Participant for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency Participant's enforceable obligations, pass-through payments, and the Agency Participant's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency Participant for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts remaining to be distributed to taxing entities under Pass-Through Agreements and for Statutory Tax Sharing Amounts, if such amounts have been subordinated to the payment of debt service on such bonded indebtedness, and if that amount is exhausted, from amounts available for distribution for administrative, but only after the amounts described in the previous two sentences and the amounts available for distribution for administrative costs have been exhausted.

The Dissolution Act provides for a procedure by which the Agency Participant may make Statutory Tax Sharing Amounts subordinate to the Local Obligations. The Agency Participant has not undertaken the procedure required to subordinate all Statutory Tax Sharing Amounts to the payment of debt service on the Local Obligations. See Appendix A under the captions describing Pass-Through Agreements and Statutory Pass-Through Amounts under the caption "SECURITY FOR THE REFUNDING BONDS."

The Agency Participant cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues provided in the Law and the Pass-Through Agreements will effectively result in adequate tax increment revenues for the payment of principal of and premium (if any) and interest on the Local Obligations when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Recognized Obligation Payment Schedule." See also Appendix A under the captions describing Pass-Through Agreements and Statutory Pass-Through Amounts under the caption "SECURITY FOR THE REFUNDING BONDS" for additional information regarding the Pass-Through Agreements and the Statutory Tax Sharing Amounts applicable to the Agency Participant and the revenues derived from the Project Areas.

Housing Set-Aside

Pre-Dissolution Housing Set-Aside Requirement. Before it was amended by the Dissolution Act, the Redevelopment Law generally required each redevelopment agency to set aside not less than 20% of all tax increment generated in each project area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as "Housing Set-Aside."

Impact of Dissolution Act. The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside. Accordingly, the Local Obligations will be payable from, and secured by, Tax Revenues, including amounts constituting the former Housing Set-Aside. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Housing Set-Aside."

Recognized Obligation Payment Schedule

Before each six-month period, the Dissolution Act requires Successor Agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a ROPS pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements

against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the ROPS and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period.

The Dissolution Act provides that, commencing on the date the first ROPS is valid, only those payments listed in the ROPS may be made by the successor agency from the funds specified in the ROPS.

The ROPS must be submitted by the Agency Participant, after approval by the Oversight Board, to the county administrative officer, the county auditor-controller, the DOF, and the State Controller no later than 90 days before the date of the next January 2 or June 1 property tax distribution. If successor agency does not submit an Oversight Board-approved ROPS by such deadlines, the successor agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the Agency Participant's administrative cost allowance is reduced by 25% if the successor agency does not submit an Oversight Board-approved ROPS by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the ROPS for subsequent six-month periods.

The Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the ROPS is submitted. Within 5 business days of the determination by the DOF, successor agencies may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The DOF will notify successor agencies and the county auditor-controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. Additionally, the county auditor-controller may review a submitted ROPS and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the county auditor-controller must provide notice of any such objections to successor agencies, the Oversight Board, and the DOF at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

In connection with the allocation and distribution by the county auditor-controller of property tax revenues deposited in the RPTTF, under the Dissolution Act the county auditor-controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the DOF no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the county auditor-controller, the Agency Participant determines and reports, no later than December 1 or May 1, as applicable (*i.e.*, by December 1, 2014 with respect to the ROPS for January 1, 2015 through June 30, 2015), that the total amount available from the RPTTF allocation to the Agency Participant's Redevelopment Obligation Retirement Fund, from other funds transferred from a dissolved agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, for the Agency Participant's enforceable obligations listed on the ROPS, and for the Agency Participant's administrative cost allowance, the county auditor-controller must notify the State Controller and the DOF no later than 10 days from the date of the Agency Participant's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions.

The Dissolution Act provides that any bonds authorized under its terms to be issued by a successor agency will be considered indebtedness incurred by the related dissolved Former RDA, with the same legal effect as if the bonds had been issued prior to effective date of AB 26, in full conformity with the applicable provision of the Law that existed prior to that date, and debt service will be included in the Agency Participant's ROPS. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act

provides that a successor agency may petition the DOF to provide written confirmation that its determination of such enforceable obligation as approved in a ROPS is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF's review of such payments in each future ROPS will be limited to confirming that they are required by the prior enforceable obligation.

The Agency Participant has covenanted under the Agency Indenture to take all actions required under the Dissolution Act to include on the respective ROPS for each six-month period all payments to the Agency Trustee to satisfy the requirements of the Agency Indenture and the Local Obligations, any deficiency in the reserve account established pursuant to the Local Obligations, any amounts required under an indenture or fiscal agent agreement securing parity indebtedness to replenish the reserve account established thereunder, if any, to its required level and any Compliance Costs related thereto.

The Agency Participant has further covenanted under the Agency Indenture to comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency Participant covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Agency Participant with its covenants under the Agency Indenture. Further, the Agency Participant will take all actions required under the Dissolution Act to include on its ROPS for each six-month period all payments expected to be made to the Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement, any deficiency in the reserve accounts under the indentures for the Senior Bonds, any Compliance Costs, and any required debt service, reserve set-asides, and any other payments required under the Agency Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller to distribute from the RPTTF amounts to the Trustee for deposit in the Tax Increment Fund on each January 2 and June 1 amounts required for the Agency Participant to pay the principal of, premium, if any, and the interest on the Outstanding Bonds and any Parity Debt coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Agency Participant as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal of, premium, if any, and the interest under the Agency Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Agency Indenture for the next payment due in the following six-month period.

Local Obligations and the Agency Indenture

Subject only to the provisions of the Agency Indenture (including any obligations of the Agency Participant payable on a basis senior to or on a parity with the lien of its Local Obligations under the Agency Indenture) permitting the application thereof for the purposes and on the terms and conditions set forth in the Agency Indenture, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established under the Agency Indenture (other than the Rebate Fund) will be pledged to the payment of the principal of and interest on the Outstanding Bonds as provided in the Agency Indenture. The Agency Participant will irrevocably grant to the Agency Trustee for the benefit of the Owners of the Outstanding Series 2014 Bonds (subject to any obligations of the Agency Participant payable on a basis senior to or on a parity with the lien of its Local Obligations under the Agency Indenture) a first charge and lien on, and a security interest in, and will pledge and assign, the Tax Revenues, whether held by the Agency Participant, the County Auditor-Controller, the County Treasurer and Tax Collector or the Agency Trustee, and all amounts in the funds and accounts established under the Agency Indenture (other than the Rebate Fund) with respect to the Local Obligations.

Pursuant to the laws of the State, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the RPTTF attributable to the Agency Participant and the Project Areas. The Agency Participant shall take all steps to ensure that the County Auditor-Controller (1) deposits the Tax Revenues into the RPTTF, (2) allocates funds for the principal and interest payments due on the Outstanding Bonds and any Parity Debt, any deficiency in the related reserve account pursuant to each valid ROPS in accordance with the Dissolution Act and as provided in the Agency Indenture and any deficiency in the related reserve account pursuant to each valid ROPS in accordance with the Dissolution Act and as provided in the Agency Indenture, and any Compliance Costs, and (3) make the transfers to the Agency Trustee required thereunder.

In order to assist the Agency Participant, the County has accepted the irrevocable direction of the Agency Participant to transfer on or about each January 2 and June 1 to an account of the Agency Participant, held by the Agency Trustee under the Agency Indenture, all amounts set forth in any duly approved ROPS with respect to principal and interest payments due on the Local Obligations and any senior and parity obligations, including the Senior Bonds, and any deficiency in the reserve account for the Local Obligations and parity obligations related thereto. The Authority has covenanted to take such actions as may be reasonable and necessary to compel the County to comply with the irrevocable direction of the Agency Participant to make such transfers. However, no assurance can be given that a court would order the County to continue to make such transfers if the County refused to do so. The Agency Participant remains obligated under the Agency Indenture to take all actions required under the Dissolution Act to include on its ROPS for each six-month period all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, the Senior Bonds, parity obligations, any deficiency in the reserve account for the Local Obligations, parity obligations, the Senior Bonds to the respective debt service reserve requirement, and any Compliance Costs (as defined in this Official Statement).

As provided in the Agency Indenture, the Agency Participant will take all actions required under the Dissolution Act to include on its ROPS for each six-month period (the second of which may include only claims for insufficient receipts under the January 1 ROPS) all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Local Obligations, parity obligations, any deficiency in the reserve account for the Local Obligations and parity obligations to the debt service reserve requirement, and any Compliance Costs (as defined in this Official Statement). The Agency Participant shall include in its ROPS the amounts described below to be transmitted to the Agency Trustee for the applicable six month period. See Appendix A under the caption "SECURITY FOR THE REFUNDING BONDS." The Agency Participant shall submit an Oversight Board-approved ROPS to the County Auditor-Controller and the DOF (with a copy to the Authority) at least ninety (90) days prior to the January 2 RPTTF distribution and at least ninety (90) days prior to the June 1 RPTTF distribution, as applicable.

Further, in accordance with California Health and Safety Code Section 34183(b) on or before each May 1 and December 1, the Agency Participant shall determine and report to the County Auditor-Controller and the Authority any insufficiencies in the RPTTF to fund payments in accordance with the Agency Indenture, and cooperate with the County Auditor-Controller for its distribution of funds in accordance with California Health and Safety Code Section 34183.

Subject to the prior application and lien position of the Senior Bonds, all Tax Revenues received by the Agency Participant (1) during the period commencing on June 2 of the prior calendar year and ending January 2 of the then current calendar year in excess of the amount required, as provided in this section, to be deposited under the Agency Indenture on January 2, and (2) during the period commencing on January 3 of the then current calendar year and ending June 1 of such calendar year in excess of the amount required, as provided in the Agency Indenture, to be deposited under the Agency Indenture on June 1, shall, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in this section on each such date, be released from the pledge, security interest and lien under the Agency Indenture for the

security of the Outstanding Series 2014 Bonds, and may be applied by the Agency Participant for any lawful purpose of the Agency Participant, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Agency Indenture. Prior to the payment in full of the principal of, premium (if any) and interest on the Outstanding Series 2014 Bonds and any Parity Debt and the payment in full of all other amounts payable under the Agency Indenture and under any Supplemental Indentures, the Agency Participant shall not have any beneficial right or interest in the moneys on deposit under the Agency Indenture, except as may be provided in the Agency Indenture and in any Supplemental Indenture.

Reserve Account

Upon the issuance of the Local Obligations, a reserve surety from AGM will be deposited into the reserve account established under the Agency Indenture in an amount equal to the debt service reserve requirement for the Local Obligations. For information regarding the reserve account relating to the Agency Indenture and the Project Areas, see Appendix A under the heading "Reserve Account" under the caption "SECURITY FOR THE REFUNDING BONDS."

Defaults and Remedies

In addition to the terms specifying the pledge and security for payment of the Local Obligations, the Agency Indenture specifies events of default which generally include payment defaults and certain covenant defaults with respect to the related bonds and the commencement by the Agency Participant of bankruptcy proceedings. Upon such event, and in general terms, the Agency Trustee may, or at the Written Request of the Authority, as owner of the Local Obligations, shall, subject to terms for indemnification of the Agency Trustee, take legal action to protect and enforce any of the rights vested in the Agency Trustee or the Authority, as owner of the Local Obligations, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the Agency Indenture.

The provider of a policy of municipal bond insurance, or reserve fund surety policy, for the Local Obligations or the Senior Bonds shall be deemed to be the sole bondowner for purposes of direction of remedies and consent rights. See APPENDIX A – "SPECIAL RISK FACTORS – Subordinate Lien Risks" for a discussion of certain risks to Bondowners related to the Local Obligations' subordinate pledge of Tax Revenues.

No delay or omission of the Agency Trustee or of any Owner to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by the provisions of the Agency Indenture to the Agency Trustee and to the Authority, as owner of the Local Obligations, may be exercised from time to time and as often as may be deemed expedient.

Any moneys received by the Agency Trustee pursuant to the provisions of the Agency Indenture shall, after payment of all fees and expenses of the Agency Trustee, and the reasonable fees and expenses of its outside counsel, if any, incurred in connection with the performance of the Agency Trustee's duties under the Agency Indenture, be applied to the payment of the Authority, as owner of the unpaid principal, interest and premium, if any, and any portion of the Local Obligations which shall have become due.

Copies of the Local Obligations and the Agency Indenture may be obtained upon request from the Agency Trustee, The Bank of New York Mellon Trust Company, N.A., 400 South Hope Street, Suite 400, Los Angeles, California, 90071; Attention: Corporate Trust Department.

Municipal Bond Insurance and Debt Service Reserve Policies

The scheduled payment of principal of and interest on the Insured Series 2014 Bonds when due will be guaranteed pursuant to an insurance policy to be issued concurrently with the delivery of the Series 2014 Bonds by AGM. AGM will also issue a debt service reserve fund policy for the Local Obligations as described herein. See "BOND INSURANCE," Appendix A under the heading "Reserve Account" under the caption "SECURITY FOR THE REFUNDING BONDS" and APPENDIX H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Approval by Oversight Board and Department of Finance

Before the issuance of refunding bonds under the Dissolution Act, a Successor Agency must obtain the approval of the Oversight Board, by resolution. Such Oversight Board resolution (as with all Oversight Board resolutions) does not become effective unless it has been approved, or deemed approved, by the DOF. The issuance of the Local Obligations by the Agency Participant has been approved by the Oversight Board. Additionally, on December 10, 2014 the DOF issued a determination letter with respect to the Oversight Board's resolution (the "DOF Letter") indicating the DOF's approval of the Oversight Board's approval of the issuance of the Local Obligations over which it had jurisdiction. The DOF Letter conditioned such approval on the understanding that the Series 2014 Bonds will meet the limitations in Health and Safety Code Section 34177.5.

Pursuant to Health and Safety Code Section 34177.5(f), once the DOF has given its approval to the Oversight Board resolution approving the issuance of the Local Obligations, the scheduled payments on the Local Obligations must be listed on the Successor Agency's ROPS (see "Recognized Obligation Payment Schedule" above) 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 Local Obligations are issued with an Oversight Board's approval, such Oversight Board will not be permitted to unilaterally approve any amendments to or early termination of the bonds, indebtedness, or enforceable obligation.

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 adopts the resolution approving the issuance of the bonds by the Successor Agency. More than 30 days have expired between the adoption of the Oversight Board resolution approving the issuance of the Local Obligations and the date of this Official Statement. During this interim, none of the Authority, the County or the Agency Participant has received notice of any action challenging the issuance of the Local Obligations.

Due Diligence Reviews

Pursuant to the Dissolution Act, the Agency Participant was required to retain an independent accountant 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"). The purpose of the DDRs was to determine the unobligated balance (the "Unobligated Balance"), if any, of the Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to the taxing agencies. Pursuant to the specific procedure for determining the Unobligated Balances set forth in the Dissolution Act, 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 on an approved ROPS were excluded from the Unobligated Balance.

With respect to each DDR, the Agency Participant was required to and did submit such DDR, after review and approval by the Oversight Board, to the DOF. The DOF issued determination letters confirming the Unobligated Balances from the Housing Fund and the Other Funds to be remitted to the County Auditor-Controller. The Agency Participant issued payments to the County Auditor-Controller for the required amounts.

Because the Agency Participant has made the remittances required by the DOF's final determination concerning the DDRs, 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 Agency Participant. Upon receipt of such Finding of Completion, the Agency Participant in receipt of such determination is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the disposition of real property assets following Oversight Board and DOF approval of a Long Range Property Management Plan.

Additional Bonds

The Trust Agreement does not authorize the issuance of additional bonds or parity debt. There is limited authority under the Agency Indenture for the Agency Participant to issue additional bonds. Additionally, the Agency Participant may refund the Senior Bonds on a basis senior to the Local Obligations to the extent such refunding is permitted by the Dissolution Act. The Dissolution Act in its current form does not permit a successor agency issuing bonds or incurring other indebtedness for purposes other than refunding existing enforceable obligations or outstanding bonds of the agency resulting in savings. See "SECURITY FOR THE REFUNDING BONDS – Parity Debt Limited to Refunding Bonds" in Appendix A for a description of the conditions precedent for the issuance of indebtedness on a parity basis with the Local Obligations.

Covenants of the Agency Participant

The following is a general description of covenants and terms that will be included in Agency Indenture. This description is intended to be general and a summary statement of terms which necessarily vary.

Punctual Payment. The Agency Participant will agree under the Agency Indenture to punctually pay the principal of, premium (if any) and interest on the Local Obligations in strict conformity with the terms of the Local Obligations and of the Agency Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Local Obligations and of the Agency Indenture.

Against Encumbrances. The Agency Participant will agree under the Agency Indenture to not mortgage or otherwise encumber, pledge or place any charge upon any of the Tax Revenues from the Project Areas, except as provided in the Agency Indenture, and will not issue any obligation or security superior to or on a parity with then Outstanding Series 2014 Bonds payable in whole or in part from the Tax Revenues (other than additional bonds or other parity indebtedness in accordance with the Agency Indenture).

Payment of Claims. Subject to the terms of the Dissolution Act, the Agency Participant will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency Participant or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Local Obligations; provided that the Agency Indenture will not be required to make any such payments so long as the Agency Participant in good faith will contest the validity of any such claims.

Protection of Security and Rights of Owners. The Agency Participant will agree under the Agency Indenture to preserve and protect the security of the Local Obligations and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Series 2014 Bonds by the Agency Participant, such Series 2014 Bonds will be incontestable by the Agency Participant.

Amendment of Redevelopment Plan. Plan amendments are limited by the terms of the Dissolution Act and generally require the report of an independent consultant which demonstrates that Tax Revenues will not be materially reduced by such proposed amendment.

Tax Revenues. The Agency Participant will agree under the Agency Indenture to comply with applicable requirements of the Law to ensure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary ROPS. The Agency Participant will represent and agree under the Agency Indenture that the pledge, payment and setting aside of Tax Revenues as provided for in the Agency Indenture is not subject to any limitation contained in Article XIIIB of the Constitution of the State of California.

The Agency Participant will further agree under the Agency Indenture that, for so long as the receipt of Tax Revenues is subject to a tax increment limit under the Law, it will annually review the total amount of Tax Revenues remaining available to be received by the Agency Participant under the Redevelopment Plans. See APPENDIX A – "SECURITY FOR THE REFUNDING BONDS – Covenants of the Covina Successor Agency with Respect to Tax Revenues" for a discussion of certain actions to be taken by the Agency Participant when its receipt of Tax Revenues approaches the tax increment limit. The expiration date of the Redevelopment Plans is as described in Appendix A under the caption "THE REDEVELOPMENT PLANS – Financial Limitations." For purposes of the projections in the forepart of this Official Statement (with respect to debt service coverage) and in Appendix A and in the Fiscal Consultant's Report appearing in Appendix B, it is assumed that all Redevelopment Plan limits will be enforced. For information regarding the Agency Participant and covenants with respect to such limitations under the Agency Indenture, see Appendix A under the description of project area plan limitations under the caption "THE REDEVELOPMENT PLANS." See also, Appendix A under the caption "THE PROJECT AREAS – Estimated Debt Service Coverage" for projections of debt service coverage on the Local Obligations.

Tax Covenants; Rebate Fund. The Agency Participant will agree under the Agency Indenture to not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on any of the Series 2014 Bonds under Section 103 of the Code, and to pay from time to time its share of amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Series 2014 Bonds from time to time.

Negative Pledge. Except as provided in the indentures securing the Senior Bonds, the Agency Participant may not create or allow to exist any liens on Tax Revenues senior to or on a parity with the Series 2014 Bonds except as provided in the Agency Indenture or as otherwise approved by AGM. The Agency Participant may refund outstanding Senior Bonds on a basis either senior to or one a parity with the Series 2014 Bonds to the extent such refunding would be permitted by the Dissolution Act.

Compliance with the Dissolution Act. The Agency Participant has further covenanted under the Agency Indenture to comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency Participant covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Agency Participant with its covenants under the Agency Indenture. Further, the Agency Participant will take all actions required under the Dissolution Act to include on its ROPS for each six-month period all payments expected to be made to the Trustee in order to satisfy the requirements of the Agency Indenture, including any amounts required to pay principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement, any deficiency in the reserve accounts under the indentures for the Senior Bonds, any Compliance Costs, and any required debt service, reserve set-asides, and any other payments required under the Agency Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller to distribute from the RPTTF amounts to the Trustee for deposit in the Tax Increment Fund on each January 2 and June 1 amounts required for the Agency Participant to pay the principal of, premium, if

any, and the interest on the Outstanding Bonds and any Parity Debt coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Agency Participant as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal of, premium, if any, and the interest under the Agency Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Agency Indenture for the next payment due in the following six-month period.

Credits to Redevelopment Obligation Retirement Fund. The Agency Participant will agree under the Agency Indenture to credit all Tax Revenues withdrawn from the RPTTF by the County Auditor-Controller and, subject to the prior application and lien in favor of the Senior Bonds, remitted to the Agency Trustee for the payment of the Local Obligations and any Parity Debt to the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5 of the California Health and Safety Code.

Limited Obligation of the Agency Participant

The Local Obligations are not a debt of the County, or the Former RDA's original sponsoring city referenced in this Official Statement, the State or any of its political subdivisions, and neither the City referenced in this Official Statement, the State nor any of its political subdivisions, other than the Agency Participant, is liable in any way for the Local Obligations. The principal of, premium (if any) and interest on the Local Obligations are payable solely from the Tax Revenues under, and to the extent described in, the Agency Indenture and the funds pledged therefor under the Agency Indenture, as applicable. The Local Obligations are a special limited obligation of the Agency Participant and the Project Areas payable solely from and secured by the Tax Revenues to be derived from the Project Areas, and from the amounts on deposit in certain funds as further described in Appendix A. Payment of the principal of, premium (if any) and interest on the Local Obligations are subordinate to payment of principal of, premium (if any) and interest on the Senior Bonds of the Agency Participant. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Tax Revenues" for a description of existing indebtedness with a lien on Tax Revenues on a basis senior to or on a parity with the lien of the Local Obligations under the Agency Indenture, including the Senior Bonds. The Agency Participant will covenant and agree under the Agency Indenture to not issue obligations with a lien on Tax Revenues on a basis senior to or on a parity with the lien of its Local Obligations (except for refunding bonds) in accordance with the Agency Indenture. The Local Obligations will be issued pursuant to the Agency Indenture.

BOND INSURANCE

The scheduled payment of principal of and interest on the Insured Series 2014 Bonds (as shown on the inside cover pages herein) when due will be guaranteed pursuant to an insurance policy to be issued concurrently with the delivery of the Insured Series 2014 Bonds by AGM (the "Policy"). The following disclosure has been provided by AGM as issuer of such Policy.

Bond Insurance Policy

Concurrently with the issuance of the Series 2014 Bonds, AGM will issue the Policy for the Series 2014 Bonds maturing on December 15 of the years 2018 through 2023, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2014 Bonds when due as set forth in the form of the Policy included as Appendix H to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At September 30, 2014, AGM's policyholders' surplus and contingency reserve were approximately $3,683 million and its net unearned premium reserve was approximately $1,810 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (filed by AGL with the SEC on August 8, 2014); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 (filed by AGL with the SEC on November 7, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Insured Series 2014 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured Series 2014 Bonds offered under this Official Statement and such purchases may constitute a significant portion of the Insured Series 2014 Bonds offered. AGM or such affiliate may hold such Insured Series 2014 Bonds for investment or may sell or otherwise dispose of such Insured Series 2014 Bonds at any time or from time to time.

AGM makes no representation regarding the Insured Series 2014 Bonds or the advisability of investing in the Insured Series 2014 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE."

LIMITATIONS ON TAX REVENUES

Property Tax and Spending Limitations

Article XIIIA of the California Constitution. Section 1(a) of Article XIIIA of the California Constitution limits the maximum *ad valorem* tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, 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, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment will reduce the tax increment of the Agency Participant. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIIIA permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIIIA.

Article XIIIB of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. 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.

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 Law 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 agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIB or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. 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 City of Santa Ana*. On the basis of these decisions, the Agency Participant has not adopted an appropriations limit.

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIIC removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Tax Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainly the outcome of such determination, the Agency Participant does not believe that Proposition 218 will materially affect its ability to pay the principal of or interest on the Local Obligations.

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 Appendix A and in the Fiscal Consultant's Report appearing in Appendix B is shown at 100% of assessed value and all general tax rates reflect the $1.00 per $100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. Neither the Authority nor the Agency Participant is able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Redevelopment Plan Limits

The Project Areas are subject to certain dates for the termination of the Redevelopment Plans or the deadline for the receipt of tax increment for the repayment of debt that may be relevant to the payment of debt service on the Series 2014 Bonds. The expiration date of the Redevelopment Plans is as described in Appendix A under the caption "THE REDEVELOPMENT PLANS – Financial Limitations." Based on the projections of the Fiscal Consultant, the Agency Participant expects that the limit on the receipt of Tax Revenues will be reviewed in Project Area No. 1 prior to the maturity of the Series 2014 Bonds. See APPENDIX A – "THE REDEVELOPMENT PLANS – Project Area Plan Limitations." For purposes of the projections in Appendix A and in the Fiscal Consultant's Report appearing in Appendix B, it is assumed that all Redevelopment Plan limits will be enforced.

There is a question on the applicability of tax increment limits as to time and amounts established under redevelopment plans after the adoption of AB 26 and AB 1484. Further, under AB 1484 and by application of the ROPS structure, a successor agency's receipt of revenues for purposes of interpretation of the project area plan limit is a matter of potential dispute. This is because while under the redevelopment plans and prior law, practitioners considered all revenues of a project area for purposes of interpretation of the project area plan limit, the current constraint on a successor agency's receipt of revenues limited by ROPS yields an odd result which may require clarifying legislation and one not considered by the Fiscal Consultant. The DOF, in a letter dated April 2, 2014, has expressed its view to certain Successor Agencies that tax increment limits are no longer applicable. However, each of these matters remains subject to further guidance from the DOF, legislation and interpretation by the courts. If the cumulative tax increment limit is deemed to no longer be applicable, covenants with respect to such limitations under the Agency Indenture will be terminated as inapplicable.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will 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 in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

The Agency Participant has projected the amount of unitary revenues to be allocated for the fiscal year 2014-15 within the Project Areas. See Appendix A for such information. Neither the Authority nor the Agency Participant can predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Assessed Value Appeals and Proposition 8 Adjustments

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 recent real estate market downturn which started in 2006 and appears to have ended in the past four years, the County Assessor's Office initiated proactive reviews of single family homes, condominiums, townhomes, multifamily and commercial and industrial properties, which result in Proposition 8 Adjustments for many properties in the County.

After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and 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. See additional discussion on assessment appeals in Appendix A and in the Fiscal Consultant's Report appearing in Appendix B.

Additional Limitation on Tax Revenues

On November 8, 1988 the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness approved by the voters of the taxing entity after January 1, 1989 will be allocated to the taxing entity and not to the redevelopment agency. The Agency Participant does not project the receipt of any tax increment revenues as a result of general obligation bonds which may be approved on or after January 1, 1989.

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2014 Bonds and the credit quality of the Local Obligations. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Series 2014 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement. See also "SPECIAL RISK FACTORS" in Appendix A for a discussion of additional risk factors specific to the Agency Participant and the Project Areas.

Limited Special Obligations

The Series 2014 Bonds will be special obligations of the Authority, payable from and secured as to the payment of the principal, premium (if any) and interest thereon in accordance with their terms and the terms of the Trust Agreement, solely from the Trust Estate, which will consist primarily of principal and interest payments on the Local Obligations to be purchased by the Authority under the Trust Agreement and to be owned by the Authority as set forth in the Agency Indenture. The Series 2014 Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of, premium (if any) and interest on the Series 2014 Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of, premium (if any) and interest on the Series 2014 Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of, premium (if any) and interest on the Series 2014 Bonds. The payment of the principal of, premium (if any) and interest on the Series 2014 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the Series 2014 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of the Project Areas, the supply of or demand for competitive properties in the Project Areas, and the market value of competitive properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Tax Revenues

Tax Revenues, which secure the Local Obligations, are determined by the incremental assessed value of taxable property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed, and the percentage of taxes collected in the Project Areas. Several types of events which are beyond the control of the Agency Participant could occur and cause a reduction in available Tax Revenues and, potentially, Revenues under the Trust Agreement. A reduction of taxable values of property in the Project Areas or a reduction of the rate of increase in taxable values of property in the Project Areas caused by economic or other factors beyond the Agency Participant's control (such as a relocation out of the Project Areas by one or more major property owners, successful appeals by property owners for a reduction in a property's assessed value, a reduction in the rate of transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquakes) could occur, thereby causing a reduction in Tax Revenues and, potentially, Revenues under the Trust Agreement. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Areas and in relation to the concentration of property in the Project Areas in terms of size or land use. The Project Areas have a large concentration of ownership among the largest property taxpayers. See "THE PROJECT AREAS – General" and "SPECIAL RISK FACTORS – Concentration of Ownership" in Appendix A.

Any reduction in the tax rate applicable to property in the Project Areas, by reason of discontinuance of certain override tax levies in excess of the 1% basic levy, will reduce the Tax Revenues and, potentially, Revenues under the Trust Agreement. The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of $1.00 per $100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% ($1.00 of $100 taxable value) in accordance with Article XIIIA. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988. As mentioned in the Fiscal Consultant's Report, many issues involved in the dissolution of redevelopment agencies have yet to be resolved including the continuation of plan limits, override revenues and the treatment of ERAF. Additionally approximately 100 lawsuits have been filed on various aspects of AB 26 and AB 1484 which could impact the dissolution of redevelopment agencies. The projections herein could be impacted as a result of future court decisions.

The Fiscal Consultant has based certain projections herein on assumptions with regard to the Project Areas, including growth in assessed values and tax increment revenue growth. These projections assume that assessed value will increase by 2% a year. A 2% growth rate is the maximum inflationary growth rate permitted by law. For summary information regarding such projections and projected growth rate of the Agency Participant, see Appendix A under the caption "THE PROJECT AREA" and the Fiscal Consultant's Report appearing in Appendix B. There can be no assurance, however that assessed values will increase as projected, if at all.

Any reduction in assessed value in the Project Areas, reduction in tax rates or reduction in taxes collected would reduce the Tax Revenues available to pay debt service on the Local Obligations. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES – Property Tax Administrative Costs." See also Appendix A under the caption "THE PROJECT AREA" hereto for a summary of historical assessed valuation of property in the project area, current assessment appeals and historical delinquencies.

Successor Agency Powers and Resources Are Limited

Each Successor Agency was created pursuant to the Dissolution Act to wind down the affairs of a Former RDA. Its powers are limited to those granted under the Dissolution Act. It has no power to levy and collect property taxes. 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 directions of its 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 RDA.

Prior to dissolution, each Former RDA retained funds on hand, accumulated from prior years, that 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, such Former RDA could (though it was not obligated to) use such other available funds to make payments on debt obligations when due. Under the Dissolution Act, a Successor Agency is required to seek prior approval from its Oversight Board (and, therefore, the DOF because all Oversight Board actions are subject to DOF's review) in order to pay an enforceable obligation from a source of funds that is different than the one identified on the ROPS. As the result of procedures already completed under the Dissolution Act, such as the due diligence reviews (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – 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.

The Dissolution Act expressly provides that a Former RDA's original sponsoring city and the Successor Agency are separate public entities. The liabilities of the Former RDA are not transferred to any respective Former RDA's original sponsoring city by the virtue of its election to serve as the Successor Agency. The liabilities of the Successor Agency are not the liabilities of the Former RDA's original sponsoring city.

Limited Application of Project Areas Tax Revenues

Debt service payable on the Series 2014 Bonds has been calculated based on the assumption that the Agency Participant and the Project Areas will generate sufficient Tax Revenues to timely pay debt service on the Local Obligations with respect to the Project Areas and that the aggregate of the debt service on all Local Obligations will be available in an amount sufficient to timely pay debt service on the Series 2014 Bonds. Accordingly, if there should be a substantial decline in the amount of Tax Revenues available with respect to the Agency Participant or the Project Areas causing a default in the payment of the Local Obligations, and should the debt service reserve account established for the Local Obligations become depleted as a result of such default or defaults in the payment of the Local Obligations, the Authority may be unable to pay debt service on the Series 2014 Bonds.

Change in Law

In addition to the other limitations on Tax Revenues, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Tax Revenues payable to the Agency Participant. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the security of the Local Obligations.

Reduction in Inflationary Rate

As described in greater detail below, Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. See "LIMITATIONS ON TAX REVENUES" for a discussion of how this measure or other initiative measures adopted by the California electorate could reduce Tax Revenues and, potentially, Revenues under the Trust Agreement.

Levy and Collection

The Agency Participant has no 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 Agency Participant to pay debt service on the Local Obligations. Likewise, the County has not implemented a Teeter Plan with respect to the collection and distribution of taxes and delinquencies in the payment of property taxes could have an adverse effect on the Agency Participant's ability to make timely debt service payments. See "Property Tax Collection Procedures" below.

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state-assessed public utilities' property and property the taxes on which are a lien on real 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 such 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 arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured properties are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. Collections are the responsibility of the County Treasurer and Tax Collector.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition property on the secured roll with respect to which taxes are due is delinquent on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector.

Historically, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A ten percent (10%) penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer, (2) 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, (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

The County has not implemented a Teeter Plan with respect to the collection and distribution of taxes. See Appendix A under the caption "THE PROJECT AREAS" hereto for a summary of historical assessed valuation of property in the Project Areas, current assessment appeals and historical delinquencies.

Natural Disasters; Seismic Hazards

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Areas, or impair the ability of landowners within the Project Areas to further develop their properties or to pay property taxes.

There are several identified faults within close proximity to or within the boundaries of the Project Areas, including the Southern Segment of the San Andreas Fault that could potentially result in damage to buildings, roads, bridges, and property within the Project Areas in the event of an earthquake. For summary information regarding natural disasters and seismic hazards concerning the Project Areas, see Appendix A under the caption "SPECIAL RISK FACTORS – Natural Disasters; Seismic Hazards." If an earthquake or other natural disaster were to substantially damage or destroy taxable property within the Project Areas, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Local Obligations.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of hazardous substances that would limit the beneficial use of a property within the Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act" is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Areas be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller.

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Project Areas and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues, and, potentially, Revenues. The Agency Participant has in the past experienced reductions in Tax Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. See "THE PROJECT AREAS – Assessment Appeals" in Appendix A for a discussion of historical assessment appeals in the Project Areas.

Litigation

Certain litigation may affect the distribution of property tax revenues or other monies to the Agency Participant, which may affect the amounts available to pay debt service on the Series 2014 Bonds. See "LITIGATION" and APPENDIX A – "SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY – LITIGATION" herein.

Economic Risks

The Agency Participant's ability to make payments on the Local Obligations will be partially dependent upon the economic strength of the Project Areas. If there is a decline in the general economy of the Project Areas, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of tax increment revenues. In the event of decreased values, Tax Revenues and, potentially, Revenues may decline as a result.

State Budget Deficits

AB 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of $1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

On June 20, 2014, the Governor signed into law the State budget for fiscal year 2014-15 (the "2014-15 Budget"). The following information is drawn from the State Department of Finance's summary of the 2014-15 Budget. The 2014-15 Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for fiscal year 2014-15. For fiscal year 2013-14, the 2014-15 Budget projects total State general fund revenues of $102.2 billion, and total State general fund expenditures of $100.7 billion. The 2014-15 Budget projects that the State will end the 2013-14 fiscal year with a $2.9 billion general fund surplus. For fiscal year 2014-15, the 2014-15 Budget projects total State general fund revenues of $109.4 billion and total State general fund expenditures of $108 billion, leaving the State with a projected general fund surplus for fiscal year 2014-15 of approximately $2.1 billion. This projected reserve is a combination of $449 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

The full text of each Assembly Bill cited above 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://www.leginfo.ca.gov/bilinfo.html. Information about the State budget and State spending is available at various State maintained websites. Text of the 2014-15 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.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.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. Neither the Authority nor the Agency Participant can make any representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Agency Participant cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

Direct and Overlapping Indebtedness

The ability of land owners within the Project Areas to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of the Project Areas could, without consent of the Agency Participant, and in certain cases without the consent of the owners of the land within the Project Areas, impose additional taxes or assessment liens on the property to finance public improvements. See "Bankruptcy and Foreclosure" below.

Bankruptcy and Foreclosure

The payment of property taxes by owners may be limited by bankruptcy, insolvency, or other laws generally affecting creditor's rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the issuance of the Series 2014 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the property tax obligation of a landowner to become extinguished, such bankruptcy could result in a delay in collection of Tax Revenues, and would increase the likelihood of a delay or default in payment of the principal of and interest on the Local Obligations.

Future Legislation and Initiatives

Article XIIIA, Article XIIIB and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Agency Participant or the Agency Participant's ability to expend revenues. In addition, there are currently a number of proposed legislative changes to the Dissolution Act which, if adopted, would also affect revenues of the Agency Participant or the Agency Participant's ability to expend revenues. The nature and impact of these measures cannot currently be anticipated.

TAX MATTERS

Series 2014 Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that interest on the Series 2014 Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E – "FORM OF OPINION OF BOND COUNSEL."

To the extent the issue price of any maturity of the Series 2014 Bonds is less than the amount to be paid at maturity of such Series 2014 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2014 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2014 Bonds is the first price at which a substantial amount of such maturity of the Series 2014 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2014 Bonds accrues daily over the term to maturity of such Series 2014 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2014 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014 Bonds. Beneficial Owners of the Series 2014 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2014 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014 Bonds is sold to the public.

Series 2014 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2014 Bonds. The Authority and the Agency Participant have each made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2014 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2014 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2014 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2014 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2014 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2014 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2014 Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series 2014 Bonds to some extent for high income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014 Bonds. Prospective purchasers of the Series 2014 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2014 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2014 Bonds ends with the issuance of the Series 2014 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Series 2014 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2014 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2014 Bonds, and may cause the Authority or Beneficial Owners to incur significant expense.

CONTINUING DISCLOSURE

In accordance with the Continuing Disclosure Agreement to be delivered concurrently with the delivery of the Series 2014 Bonds, the Agency Participant will covenant and agree for the benefit of Owners of the Series 2014 Bonds, with assistance from the Authority, to provide certain financial information and operating data relating to the Agency Participant by not later than the first day of the month following the eighth month after the end of the Agency Participant's fiscal year (presently June 30), which is March 1, in each year commencing with its report for the 2014-15 fiscal year (each an "Annual Report"). Notwithstanding the foregoing, the annual reporting requirement for fiscal year 2013-14 shall be satisfied by filing a copy of this Official Statement and the fiscal year 2013-14 audited financial statements, a copy of which is attached hereto as Appendix C, with EMMA. The Authority has also agreed to assist in providing notices of the occurrence of certain enumerated events on behalf of the Agency Participant. Such Annual Report and notices will be filed by the Agency Participant or the Authority, on behalf of the Agency Participant, with the MSRB through EMMA.

The Authority has agreed to assist the Agency Participant in the preparation of annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, principal taxpayers, and, if applicable, plan limit calculations, and has agreed to assist in filing notices of enumerated events. The Authority will act as Dissemination Agent and, unless otherwise filed by the Agency Participant, will file the Annual Reports, including audited financial statements, and notices with the MSRB through EMMA. In carrying out the duties of Dissemination Agent, the Authority will adhere to the continuing disclosure procedures approved by the County Treasurer and Tax Collector found at the Los Angeles County Treasurer and Tax Collector website (http://ttc.lacounty.gov/Proptax/Investor_Info.asp). The information contained in such website is not incorporated into this Official Statement.

These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Commission Rule 15c2-12(b)(5) ("Rule 15c2-12"). The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The compliance of the Agency Participant is described in Appendix A in the introductory section under the caption "Continuing Disclosure" and includes incomplete and or delinquent compliance. The Agency Participant has brought itself current with respect to its past failures to timely file.

CERTAIN LEGAL MATTERS

The validity of the Series 2014 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Bond Counsel, as such, has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX E – "FORM OF OPINION OF BOND COUNSEL" attached hereto. Certain legal matters will be passed upon for the Authority by County Counsel as Counsel to the Authority. Certain legal matters will be passed upon for the Agency Participant by designated general counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

FINANCIAL STATEMENTS

Audited annual financial statements for the City of Covina for the fiscal year ended June 30, 2014, were prepared by Moss, Levy and Hartzheim LLP. Excerpts of such audited annual financial statements pertaining to the Agency Participant for the fiscal year ended June 30, 2014, are attached hereto as Appendix C. The Agency Participant has not requested, and the auditor has not provided, any update or review of such audited financial statements in connection with the inclusion thereof in Appendix C to this Official Statement.

FINANCIAL ADVISOR

KNN Public Finance, a division of Zions First National Bank, Oakland California (the "Financial Advisor") is serving as financial advisor to the Authority in connection with the execution and delivery of the Series 2014 Bonds. The Financial Advisor has not independently verified any of the data contained in this Official Statement or conducted a detailed investigation of the affairs of the Authority or the Agency Participant to determine the accuracy or completeness of this Official Statement. The Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained in this Official Statement.

VERIFICATION OF MATHEMATICAL ACCURACY

Grant Thornton LLP, independent accountants, upon delivery of the Series 2014 Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules prepared by the Underwriters, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and premium requirements of the Refunded Obligations.

The report of Grant Thornton LLP will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

LITIGATION

To the best knowledge of the Authority, there is no litigation pending (where service of process has been completed on the Authority) or threatened against the County or the Authority concerning the validity of the Series 2014 Bonds or challenging any action taken by the Authority in connection with the authorization of the Trust Agreement, the Bond Purchase Agreement, Local Obligations Purchase Contract or any other document relating to the Series 2014 Bonds to which the Authority is or is to become a party or the performance by the Authority of any of its obligations under any of the foregoing.

There is no action, suit or proceeding pending or, to the knowledge of any of the Agency Participant, threatened, restraining or enjoining the execution or delivery of the Local Obligations or Agency Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency Participant, its Oversight Board, or the City of Covina taken with respect to any of the foregoing. The Agency Participant is a defendant in actions for writs of mandamus, injunctive relief and related fees, and for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a former redevelopment agency (now a successor agency). However, the Agency Participant does not expect such pending or threatened litigation to result in a material adverse impact on the ability of the Agency Participant to make timely payments of debt service on its Local Obligations. See Appendix A under the caption "LITIGATION." The lawsuits described below relate to issues that may affect the distribution of property tax revenues or other monies to the Agency Participant under the Dissolution Act.

Prior to adoption of the Dissolution Act in 2011, redevelopment agencies were responsible for remitting the statutory pass-through payments to taxing agencies based on the allocation of moneys as provided by county auditor-controllers. Although the redevelopment agencies relied upon allocations provided by the County auditor controller, the redevelopment agencies were legally responsible for paying each taxing agency its allocated share. Following the adoption of the Dissolution Act, county auditor-controllers administer the allocation and payment of statutory pass-throughs directly.

In 2007, the Los Angeles Unified School District ("LAUSD") filed a lawsuit against the County and various cities, special districts and redevelopment agencies in the County alleging that the County Auditor-Controller and local redevelopment agencies improperly allocated and paid to cities, counties, and special districts an illegally inflated share of local property tax revenue. This lawsuit involves the method the County uses to calculate the allocation of Statutory Pass-Through Amounts among taxing agencies and does not challenge the total amount or calculation of the Statutory Pass-Through Amounts owed by redevelopment agencies.

In January 2011, the Los Angeles Community College District ("LACCD") filed a similar lawsuit against the County and various cities, special districts and redevelopment agencies in the County based on the same grounds. The court in the LACCD case determined the matter to be related to the LAUSD case and therefore the case has been placed on hold pending final resolution of LAUSD matter.

The trial court in the LAUSD litigation rendered judgment in favor of the County, cities, special districts and redevelopment agencies and, after the appellate court reversed such judgment and remanded the case back to the trial court, the trial court issued a statement of decision in favor of LAUSD on January 27, 2012, ruling that the amount of pass-through received by the County, cities and special districts had been illegally inflated, and requiring the respondents to file a return on the writ explaining how they would comply with the court's order to return the improperly withheld funds to LAUSD. LAUSD appealed on September 7, 2012 to a portion of the court's statement of decision, specifically challenging the court's determination that while ERAF revenue received by schools is to be factored when calculating their pass-through shares, the ERAF revenue they are credited with shall not include amounts diverted under Revenue & Taxation Code sections 97.68 (the "Triple Flip") and 97.70 (the "VLF Swap") since their respective enactment in 2004. The appellate court agreed with LAUSD, reversed the trial court's ruling concluding that: "The property tax revenue that LAUSD received from the ERAF's should be deemed to include its share of the ERAF revenue that was diverted by the Triple Flip and the VLF Swap legislation, thus avoiding either a decrease in LAUSD's pass-through payment allocation, or an increase in a city or county's pass-through payment allocation." The appellate court remanded to the trial court on June 26, 2013. The County appealed, and the State Supreme Court denied the County's petition for review on this matter on October 2, 2013.

The County, LAUSD and other parties to the litigation are currently negotiating a methodology pursuant to which the Statutory Pass-Through Amounts could be allocated consistent with the appellate court decision. The County believes that a resolution with an approved calculation methodology is close to completion. LAUSD has also sought return of Pass-Through Amounts to which it was entitled since 2004 in addition to correcting the allocation of pass-throughs in the future. LACCD, in its lawsuit, has sought the return of Pass-Through Amounts to which it was entitled in fiscal years 2008-09 and 2009-10. As discussed above prior to the enactment of the Dissolution Act in 2011, redevelopment agencies were responsible for the payment of the Statutory Pass-Through Amounts based on allocations provided by county auditor-controllers. It is likely that the trial court could seek repayment of past due sums from the County, cities and special districts and/or from the redevelopment agencies who paid the wrong Statutory Pass-Through Amounts to the taxing agencies. Additionally the trial court could determine that interest is owed on any past due amounts. The County believes that its maximum exposure in these lawsuits is approximately $71.4 million, and has set aside approximately $76.7 million for their expected resolution. Though the Agency Participant is not within the boundaries of LAUSD or LACCD, it is unclear what liability, if any, the Agency Participant may have to other school or community college district within its boundaries as a result of these cases.

With respect to California successor agencies and the Dissolution Act in general, on August 1, 2012, Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") filed a lawsuit against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other county auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215) (the "Syncora Lawsuit") challenging the terms of the Dissolution Act. Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The Syncora Lawsuit was brought as a petition for writ of mandate, complaint for declaratory relief, inverse condemnation and injunctive relief. The injunctive relief sought included an injunction enjoining the respondents from implementing enforcing, and/or carrying out the Redistribution Provisions, ordering respondents to immediately return all money remitted by successor agencies to local taxing entities pursuant to the Redistribution Provisions, and ordering respondents to hold all future tax increment revenues in the RPTTF, or a similar fund, for the exclusive benefit of, and distribution to, the bondholders, until such a time when the bondholders are completely repaid. In August 2013, the court ordered Syncora's claims dismissed, without prejudice to refile, as premature claims for impairment of contract and an unconstitutional taking. The court noted that no redevelopment agency bonds are in default.

The original complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation. Specifically, the complaint alleges that the security mechanism created by the irrevocable pledge of tax increment revenues to repay the redevelopment agency debts was a critical feature of the redevelopment bonds' marketability. No assurance can be made that Syncora will not re-file its claim at a later date.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, a part of McGraw Hill Financial ("Standard & Poor's") is expected to assign its municipal bond rating of "AA" (stable outlook) to the Insured Series 2014 Bonds with the understanding that the Policy insuring the payment when due of the principal of and interest on the Insured Series 2014 Bonds will be issued concurrently with the delivery of the Insured Series 2014 Bonds by AGM. Standard and Poor's has assigned the uninsured Series 2014 Bonds (and underlying rating for Insured Series 2014 Bonds) its municipal bond rating of "A-." Such ratings reflect only the views of Standard & Poor's, and do not constitute a recommendation to buy, sell or hold the any of the Series 2014 Bonds. Explanation of the significance of such ratings may be obtained only from Standard and Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that any such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the ratings agency, if in the judgment of the rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2014 Bonds to which such rating has been assigned.

UNDERWRITING

The Series 2014 Bonds are being purchased by Stifel Nicolaus & Company, Incorporated as representative of itself and Citigroup Global Markets Inc. (collectively, the "Underwriters"), pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") by and between the Authority and the Underwriters. The Underwriters have agreed to purchase the Series 2014 Bonds from the Authority at an aggregate purchase price of $7,516,651.73 (consisting of the aggregate principal amount of the Series 2014 Bonds of $6,985,000.00, plus original issue premium of $595,177.10 and less underwriters' discount of $63,525.37), pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Series 2014 Bonds offered under the Bond Purchase Agreement if any of the Series 2014 Bonds offered thereunder are purchased.

The Underwriters may offer and sell the Series 2014 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover pages hereof and such public offering prices may be changed from time to time by the Underwriters.

Citigroup Global Markets Inc., an underwriter of the Series 2014 Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the Series 2014 Bonds.

ADDITIONAL INFORMATION

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Trust Agreement, the Local Obligations and the Agency Indenture may be obtained upon request from the Trustee at: 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Administration. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the Agency Participant and the purchasers or Owners of any of the Series 2014 Bonds.

This Official Statement and its distribution have been duly authorized by the Authority and the Agency Participant.

GLENN BYERS
ASSISTANT TREASURER AND TAX COLLECTOR
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

APPENDIX A

SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY

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APPENDIX A

SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY

(COVINA REVITALIZATION – REDEVELOPMENT PROJECT NO. ONE AND COVINA REVITALIZATION – REDEVELOPMENT PROJECT NO. TWO)

The following information regarding the Successor Agency to the Covina Redevelopment Agency (the "Covina Successor"), the dissolved Covina Redevelopment Agency (the "Former Covina RDA"), two redevelopment project areas of the Former Covina RDA (collectively referred to as the "Project Areas") and the City of Covina (the "City") is presented as additional and specific information with respect to the Successor Agency to the Covina Redevelopment Agency, Tax Allocation Refunding Bonds, Series 2014A (the "Covina Refunding Bonds") being purchased by the Authority, which are payable solely from Tax Revenues (as defined in this Appendix A) attributable to the Covina Projects and all amounts on deposit from time to time in the funds and accounts (other than the Rebate Fund) established under the Indenture of Trust, dated as of December 1, 2014 (the "Covina Indenture"), by and between the Covina Successor and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Agency Trustee"), relating to the Covina Refunding Bonds. The information set forth in this Appendix A has been obtained from the Covina Successor, the City, HdL Coren & Cone, as fiscal consultant (the "Fiscal Consultant"), and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. Appendix B attached to this Official Statement includes the Fiscal Consultant's Report with respect to the Covina Successor. Terms defined in this Appendix A are in most instances specific to this Appendix A. Capitalized terms used in this Appendix A and not otherwise defined herein have the respective meanings assigned to them in the forepart of this Official Statement, in the Trust Agreement and in the Covina Indenture, as applicable. See APPENDIX D — "SUMMARY OF TRUST AGREEMENT" attached to this Official Statement.

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The information and expressions of opinions in this Appendix A are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Covina Successor since the date hereof. The taxing power of the City, the County of Los Angeles (the "County"), the State of California (the "State") or any political subdivision thereof is not pledged to the payment of the Covina Refunding Bonds. See the information under the captions "THE REFUNDING BONDS" in this Appendix A and "THE SERIES 2014 BONDS" in the forepart of this Official Statement.

Brief descriptions of the Covina Refunding Bonds, the Covina Indenture, the Covina Successor, the Former Covina RDA, the City and the County are included in this Appendix A. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Appendix A to the Covina Refunding Bonds, the Covina Indenture, the Law (as hereinafter defined), the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Former Covina RDA and the Covina Successor are qualified in their entirety by reference to such documents. Copies of the proceedings of the Covina Successor referred to above, the Covina Indenture and other documents described in this Appendix A are available for inspection at the offices of the Covina Successor, at 125 East College Street, Covina, California 91723.

The City maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Authority Bonds and/or the Covina Refunding Bonds.

SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY

General

The Former Covina RDA was established pursuant to the provisions of the Community Redevelopment Law, being Part 1 of Division 24 of the California Health and Safety Code (the "Law") by Ordinance No. 1059 of the City Council of the City of Covina (the "Covina City Council") adopted in 1969. Assembly Bill x1 26 ("AB x1 26") chaptered and effective on June 28, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("*Matosantos* Decision"), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 ("AB 1484") that was chaptered and effective on June 27, 2012, and such laws have been further amended by subsequent legislation (together AB x1 26, the *Matosantos* Decision, AB 1484, and subsequent amendments are referred to as the "Dissolution Act").

On January 11, 2012, pursuant to Resolution No. 12-7041 and Section 34173 of the Dissolution Act, the Covina City Council elected to serve as successor agency to the Former Covina RDA. The Covina Successor is governed by a five-member Board of Directors (the "Board") which consists of the members of the Covina City Council.

The City is a general law city and was incorporated in 1901. The City is located in Los Angeles County, California, approximately 23 miles east of downtown Los Angeles in the eastern portion of the San Gabriel Valley. The City has a boundary of approximately 7.04 square miles. The City operates under the Council-Administrator form of government. The five City Council members, including the Mayor, are elected biannually at large to four year alternating terms. The Mayor presides over the meetings and has one vote. The Covina City Council appoints a City Manager to administer the daily affairs of the City and to implement policies established by the Covina City Council. The population of the City of Covina has increased approximately 48% from 1980 through 2013. The annual population estimate of the City of Covina in 2014 is approximately 48,619.

The Redevelopment Plans and the Project Areas

The Covina Refunding Bonds are principally payable from Tax Revenues (as defined in this Appendix A) attributable to the Project Areas. The Project Areas consist of two separate redevelopment projects. See "THE REDEVELOPMENT PLANS" and "THE PROJECT AREAS" in this Appendix A for detailed information regarding the two Redevelopment Plans (defined below under the heading "THE REDEVELOPMENT PLANS"), the amendments to the Redevelopment Plans, and the Project Areas.

No Other Project Areas

Other than the Project Areas, there are no active redevelopment project areas approved by the City and the Former Covina RDA within its area of operation.

Tax Revenues

The Covina Refunding Bonds will be secured by "Tax Revenues" as provided under the Covina Indenture.

As defined in the Covina Indenture, the term "Tax Revenues" means all taxes annually allocated within the Plan Limit and paid to the Covina Successor pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plans available and deposited in the Redevelopment Property Tax Trust Fund ("RPTTF"), to the extent not pledged to Senior Bonds (defined below under the heading "— Senior Bonds" or payable with respect to Pass-Through Agreements, Statutory Pass-Through Amounts or 33676 Amounts (each as defined herein). If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

Pursuant to the Dissolution Act, former tax increment revenues generated in the Project Areas are no longer required to be deposited into the Housing Fund (defined below). Accordingly, such revenues are now available and pledged to the repayment of the Covina Refunding Bonds and any Parity Obligations to the extent not pledged to Senior Bonds. See "SECURITY FOR THE REFUNDING BONDS — Low and Moderate Income Housing Fund."

Purpose of Refunding

Proceeds of the Covina Refunding Bonds will be used (i) to refund a portion of the outstanding obligations of the Covina Successor relating to the Covina Projects (the bonds being refunded are referred to in this Appendix A as the "Covina Refunded Obligations"), (ii) to acquire the Reserve Policy, and (iii) to pay the costs of issuing the Covina Refunding Bonds, including the payment of premium with respect to bond insurance policies. See "THE REFUNDING PLAN" in this Appendix A. The Covina Refunded Obligations were issued to finance and refinance certain improvements in, or benefiting, the Project Areas.

Security for the Refunding Bonds

Tax revenues generated from the incremental taxable value in the Project Areas were, prior to February 1, 2012, generally referred to as tax increment revenues. The Law provided that the tax increment revenues could be pledged by a redevelopment agency to the repayment of agency indebtedness. As used in this Appendix A and in the Fiscal Consultant's Report appearing in Appendix B, the former tax increment revenues, including unitary tax revenue and less County applied apportionment adjustments and reductions for amounts above the annual tax revenue limit are referred to as "Gross Revenues."

The Covina Refunding Bonds are payable solely from, and are secured by, the Tax Revenues, as defined above under the caption "— Tax Revenues." See "SECURITY FOR THE REFUNDING BONDS" in this Appendix A.

Senior Obligations

Assuming refunding of the Covina Refunded Obligations, payment of the principal of and interest on the Covina Refunding Bonds will be subordinate to (i) the Covina Redevelopment Agency, 2004 Taxable Tax Allocation Bonds, Series B, Covina Revitalization – Redevelopment Project No. One (the "Series 2004B Bonds"), issued in the original principal amount of $9,610,000, of which $2,775,000 remains outstanding, and (ii) the Successor Agency to the Covina Redevelopment Agency, Covina Revitalization – Redevelopment Project No. One Tax Allocation Refunding Bonds, Series 2013A (the "Series 2013A Bonds"), issued in the original principal amount of $12,151,600, of which $11,826,600 remains outstanding. The Series 2004B Bonds and the Series 2013A Bonds are referred to collectively as the "Senior Bonds" in this Appendix. The definition of Tax Revenues excludes revenues allocated to payment of principal and interest on the Senior Bonds.

Subordinate Obligations

The Covina Successor has certain other obligations that are payable from Tax Revenues on a basis subordinate to the Covina Refunding Bonds. See "SECURITY FOR THE REFUNDING BONDS — Other ROPS Obligations."

Litigation

There is no action, suit or proceeding pending or, to the knowledge of the Covina Successor officials, threatened, restraining or enjoining the execution or delivery of the Covina Refunding Bonds or the Covina Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Covina Successor, its Oversight Board, or the City of Covina taken with respect to any of the foregoing. The Covina Successor is, from time to time, a defendant in actions for writs of mandamus, injunctive relief and related fees, and for alleged damages to persons and/or property and for other alleged liabilities arising out of matters usually incident to the operation of a redevelopment agency. The Covina Successor does not expect any such pending or threatened litigation to result in a material adverse impact on the ability of the Covina Successor to make timely payments of debt service on the Covina Refunding Bonds; however, certain litigation may affect the distribution of property tax revenues or other monies to the Covina Successor under the Dissolution Act. See "LITIGATION" in the forepart of this Official Statement.

Financial Statements

The Covina Successor accounts for its financial transactions through funds representing the Project Areas. Excerpts from the City's comprehensive annual financial report, which incorporates information about the Covina Successor, for the fiscal year ended June 30, 2013 were prepared by the certified public accounting firm of Moss, Levy & Hartzheim LLP, and are attached to this Official Statement as part of Appendix C. The Covina Successor has not requested, and the auditor has not provided, any update or review of such excerpts of the comprehensive annual financial report included in Appendix C to this Official Statement.

Continuing Disclosure

The Covina Successor has covenanted to provide certain financial information and operating data by not later than the first day of the month following the eighth month after the end of the Covina Successor's fiscal year (presently June 30), which is March 1, in each year commencing with its report for fiscal year 2014-15 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events as described in the forepart of this Official Statement under the caption "CONTINUING DISCLOSURE." Notwithstanding the foregoing, the annual reporting requirement for fiscal year 2013-14 shall be satisfied by filing a copy of this Official Statement and the fiscal year 2013-14 audited financial statements with EMMA.

In the last five years, the City, the Former Covina RDA, prior to its dissolution, and thereafter the Covina Successor, did on occasion fail to comply in certain material respects with their previous continuing disclosure undertakings pursuant to Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, including, but not limited to, the failure to file or to timely file complete annual reports for some of the Former Covina RDA's outstanding debt obligations and the failure to file notices of certain enumerated events. However, the Covina Successor and the City have brought themselves current with respect to their past filings and have posted the current ratings on all their respective outstanding debt obligations. The Covina Successor has also taken steps in order to ensure future timely compliance with all of its outstanding continuing disclosure obligations. Pursuant to the Continuing Disclosure Agreement between the Authority and the Covina Successor, the Authority will act as Dissemination Agent and file the annual reports and notices related to the Covina Refunding Bonds with the MSRB through EMMA.

THE REFUNDING PLAN

Net proceeds of the Covina Refunding Bonds will be used to refund the Covina Successor's outstanding obligations listed below (collectively, the Successor Agency obligations being refunded are referred to in this Appendix A as the "Covina Refunded Obligations"). The Covina Refunded Obligations include the 1997 Loan Agreement and the Series 2004A Bonds more particularly described as follows:

1. That certain Loan Agreement, dated as of July 1, 1997 (the "1997 Loan Agreement"), among the Former Covina RDA, BNY Western Trust Company (predecessor-in-interest to The Bank of New York Mellon Trust Company, N.A.), as trustee (the "1997 Trustee"), as trustee, and the Covina Public Financing Authority ("Covina PFA"). Upon prepayment of the 1997 Loan Agreement, such prepayment amounts will be applied pursuant to the 1997 Loan Agreement to refund and defease the Covina Public Financing Authority 1997 Revenue Bonds, Series A (Covina Redevelopment Projects) (the "Series 1997A Bonds"), issued in the original principal amount of $1,995,000 pursuant to that certain Indenture of Trust, dated as of July 1, 1997, between the Covina PFA and the 1997 Trustee, of which $925,000 remains outstanding.

2. The Covina Redevelopment Agency 2004 Tax Allocation Bonds, Series A (Covina Revitalization – Redevelopment Project No. One) (the "Series 2004A Bonds") in the original principal amount of $17,240,000, issued pursuant to an Indenture of Trust, dated as of November 1, 2004, between the Former Covina RDA and the 1997 Trustee, as trustee, of which $7,885,000 remains outstanding.

The Covina Successor is issuing the Covina Refunding Bonds to provide moneys (together with other available funds of the Covina Successor) necessary to refund and defease the Covina Refunded Obligations in whole.

The Series 1997A Bonds are held for the benefit of the Association of Bay Area Governments ("ABAG") by its bond trustee, U.S. Bank National Association, as successor to First Trust National Association (the "ABAG Trustee"), in connection with an offering in 1997 of Association of Bay Area Governments 1997 Tax Allocation Revenue Bonds. Proceeds received by the ABAG Trustee in connection with the prepayment of the 1997 Loan Agreement will be applied to redeem a portion of the ABAG Bonds described below, which are secured by the Series 1997A Bonds:

1. Association of Bay Area Governments 1997 Tax Allocation Revenue Bonds, Series A6 (California Redevelopment Agency Pool) (the "Series 1997A ABAG Bonds"), in the aggregate amount of $19,870,000, issued pursuant to an Indenture of Trust dated as of June 1, 1994 between the Association of Bay Area Governments ("ABAG") and U.S. Bank National Association, as successor to First Trust National Association (the "ABAG Trustee"), as trustee.

2. Association of Bay Area Governments 1997 Subordinated Tax Allocation Revenue Bonds, Series B6 (California Redevelopment Agency Pool) (the "Series 1997B ABAG Bonds" and, together with the Series 1997A ABAG Bonds, the "ABAG Bonds"), in the aggregate amount of $7,845,000, issued pursuant to an Indenture of Trust dated as of June 1, 1997 between ABAG and the ABAG Trustee, as trustee.

The prepayment and refunding, respectively, of the 1997 Loan Agreement and the Series 2004A Bonds will be further secured by escrow funds (the "Escrow Funds") to be established in connection with such prepayment and refunding.

Prepayment amounts received by the 1997 Trustee will be applied pursuant to the 1997 Loan Agreement, along with certain remaining funds held under the indenture relating to the Series 1997A Bonds, to refund the Series 1997A Bonds on January 8, 2015 and, accordingly, the ABAG Bonds on January 22, 2015 as provided in that Escrow Agreement, dated as of December 1, 2014, among the Covina PFA, the ABAG Trustee and the Agency Trustee, acting as escrow agent (the "Escrow Agent") relating to the Series 1997A Bonds and the related ABAG Bonds (the "Series 1997A Escrow Agreement").

A portion of the net proceeds of the Covina Refunding Bonds, along with certain remaining funds held under the indenture relating to the Series 2004A Bonds, will be used to refund the Series 2004A Bonds on January 22, 2015 as provided in that Escrow Agreement dated as of December 1, 2014 between the Covina Successor and the Escrow Agent relating to the Series 2004A Bonds (the "Series 2004A Escrow Agreement" and, together with the Series 1997A Escrow Agreement, the "Escrow Agreements").

The Covina Refunded Obligations are subject to prepayment and redeemable as set forth above at a redemption price equal to 100% of their principal amount as specified in the Escrow Agreements, plus accrued interest. See "VERIFICATION OF MATHEMATICAL ACCURACY" in the forepart of this Official Statement. Upon deposit of such proceeds and other moneys into the Escrow Fund, the Covina Refunded Obligations will no longer be deemed outstanding.

Proceeds applied to the prepayment and refunding, respectively, of the 1997 Loan Agreement and the Series 2004A Bonds and moneys deposited in the Escrow Funds are not available to pay principal of or interest on the Covina Refunding Bonds.

THE REFUNDING BONDS

Authority for Issuance

The Covina Refunding Bonds were authorized for issuance pursuant to the Covina Indenture and the Dissolution Act. The issuance of the Covina Refunding Bonds and the execution and delivery of the Covina Indenture were authorized by the Covina Successor pursuant to Resolution No. 14-026 adopted on November 4, 2014 (the "Resolution"), and by the Oversight Board to the Successor Agency to the Covina Redevelopment Agency (the "Oversight Board") pursuant to Resolution No. 14-44 adopted on November 13, 2014 (the "Oversight Board Action").

Written notice of the Oversight Board Action was provided to the State Department of Finance ("DOF") pursuant to the Dissolution Act. On December 10, 2014, the DOF provided a letter to the Covina Successor stating that based on the DOF's review and application of the Law, the Oversight Board Action approving the Covina Refunding Bonds is approved by the DOF.

Description of the Refunding Bonds

The Covina Refunding Bonds will be designated the "Successor Agency to the Covina Redevelopment Agency, Tax Allocation Refunding Bonds, Series 2014A" in the aggregate principal amount of $6,985,000.

The Covina Refunding Bonds will be issued as fully registered bonds in denominations of $5,000, or any integral multiple thereof (not exceeding the principal amount of such Covina Refunding Bonds maturing at any one time). Each Series of Covina Refunding Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless otherwise provided for under the Covina Indenture. As defined in the Covina Indenture, the term "Interest Payment Date" will mean any June 15 or December 15 on which interest on any Series of Bonds is scheduled to be paid, commencing June 15, 2015, with respect to the Covina Refunding Bonds. Principal on the Covina Refunding Bonds will be due on December 15, as shown below.

The Covina Refunding Bonds will mature on the dates and in the principal amounts set forth in the table below.

Maturity Date (December 15)	Principal Amount	Interest Rate
2015	$1,130,000	2.000%
2016	1,710,000	3.000
2017	1,760,000	4.000
2018	1,835,000	5.000
2019	115,000	5.000
2020	125,000	5.000
2021	125,000	5.000
2022	135,000	5.000
2023	50,000	5.000

No Redemption of Covina Refunding Bonds

The Covina Refunding Bonds will not be subject to optional or mandatory redemption prior to their respective stated maturity dates.

Selection of Bonds for Redemption and Payment of Redeemed Bonds

Whenever less than all the Outstanding Covina Refunding Bonds of any Series maturing on any one date are called for redemption at any one time, the Agency Trustee will select the Covina Refunding Bonds of such Series to be redeemed from the Outstanding Bonds of such Series maturing on such date not previously selected for redemption, by lot in any manner which the Agency Trustee deems fair.

If any Covina Refunding Bond or any portion thereof has been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, has been made or provided for by the Covina Successor, then interest on such Covina Refunding Bond or such portion will cease to accrue from such date, and from and after such date such Covina Refunding Bond or such portion will no longer be entitled to any lien, benefit or security under the Covina Indenture, and the Owner thereof will have no rights in respect of such Covina Refunding Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Purchase in Lieu of Redemption

In lieu of redemption of any Bond pursuant to the Covina Indenture, amounts on deposit in the Term Covina Refunding Bonds Sinking Account may also be used and withdrawn by the Agency Trustee at any time prior to selection of Covina Refunding Bonds for redemption having taken place with respect to such amounts, upon a Written Request of the Agency, for the purchase of such Term Covina Refunding Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Covina Successor may in its discretion determine, but not in excess of par plus accrued interest. Any accrued interest payable upon the purchase of Covina Refunding Bonds will be paid from amounts held in the Tax Increment Fund for the payment of interest on the next following Interest Payment Date. Any Term Covina Refunding Bonds so purchased will be cancelled by the Agency Trustee forthwith and will not be reissued. The principal of any Term Covina Refunding Bonds so purchased by the Agency Trustee in any twelve-month period ending 60 days prior to any Sinking Account Payment Date in any year will be credited towards and will reduce the principal of such Term Covina Refunding Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Debt Service Schedule

The following table sets forth the amount of debt service with respect to the Covina Refunding Bonds for each Bond Year:

Year Ended (December 15)	Principal	Interest	Total Debt Service
2015	$1,130,000	$257,693.34	$1,387,693.34
2016	1,710,000	240,950.00	1,950,950.00
2017	1,760,000	189,650.00	1,949,650.00
2018	1,835,000	119,250.00	1,954,250.00
2019	115,000	27,500.00	142,500.00
2020	125,000	21,750.00	146,750.00
2021	125,000	15,500.00	140,500.00
2022	135,000	9,250.00	144,250.00
2023	50,000	2,500.00	52,500.00
TOTAL	$6,985,000	$884,043.34	$7,869,043.34

SECURITY FOR THE REFUNDING BONDS

General

Subject only to the provisions of the Covina Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Covina Indenture, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established under the Covina Indenture (other than the Rebate Fund) will be pledged to the payment of the principal of and interest on the outstanding Covina Refunding Bonds and Additional Bonds (as defined below) (together, the "Bonds") and any Parity Debt as provided under the Covina Indenture on a basis subordinate to the payment of debt service on the Senior Bonds. The Covina Successor will irrevocably grant to the Agency Trustee for the benefit of the Owners of the Outstanding Bonds a first charge and lien on, and a security interest in, and will pledge and assign, the Tax Revenues, whether held by the Covina Successor, the County Auditor-Controller, the County Treasurer and Tax Collector or the Agency Trustee, and all amounts in the funds and accounts established under the Covina Indenture (other than the Rebate Fund), including the "Successor Agency to the Covina Redevelopment Agency Tax Increment Fund" (hereinafter called the "Tax Increment Fund"), which will be created by the Covina Successor. The Successor Agency will covenant and agree to maintain the Tax Increment Fund with the Agency Trustee so long as any Bonds will be Outstanding under the Covina Indenture, to the Agency Trustee for the benefit of the Owners of the Outstanding Bonds.

Pursuant to the laws of the State of California, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the RPTTF. The Covina Successor has agreed under the Covina Indenture to take all steps to ensure that the County Auditor-Controller (1) deposits the Tax Revenues into the RPTTF, (2) allocates funds for the principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt and any deficiency in the Reserve Account and the reserve accounts under the indentures for the Senior Bonds pursuant to each valid Recognized Obligation Payment Schedule (each "ROPS," as further described in this Appendix A) in accordance with the Dissolution Act and as provided in the Covina Indenture, and (3) makes the transfers to the Agency Trustee under the Covina Indenture.

The Covina Successor will take all actions required under the Dissolution Act to include on its ROPS the amounts described below to be transmitted to the Agency Trustee for the applicable six-month period in order to satisfy the requirements of the Covina Indenture, including any amounts required to pay principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt, any Compliance Costs, any deficiency in the Reserve Account of the Tax Increment Fund to the full amount of the Reserve Account Requirement and any deficiency in the reserve accounts under the indentures for the Senior Bonds. The Covina Successor will submit the ROPS to its Oversight Board (and on and after July 1, 2016 to the County oversight board established pursuant to Section 34179(j)) for review and approval pursuant to the Dissolution Act and the Oversight Board-approved ROPS will be submitted to the County Auditor-Controller and the DOF at least ninety (90) days prior to the January 2 RPTTF distribution and at least ninety (90) days prior to the June 1 RPTTF distribution, as applicable.

Expected Compliance Costs, if any, will be included in each ROPS, based upon information compiled by the Covina Successor and the Authority and provided to the Covina Successor on or before the fifth Business Day of each August. On or before the fifth Business Day of each August, the Agency Trustee will report to the Covina Successor and the Authority its expected Compliance Costs for the next succeeding calendar year to be included on the Covina Successor's ROPS.

The amount due to the Agency Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on January 2 of the then-current calendar year from Tax Revenues required to be deposited into the RPTTF will equal (1) one-half of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as provided in the Covina Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as provided in the Covina Indenture, plus (2) the amount of any deficiency in the Reserve Account, less (3) the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to the Covina Indenture that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds and any Parity Debt in the then current calendar year. The amount due to the Agency Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on June 1 of the then-current calendar year from amounts required to be deposited into the RPTTF will be equal to the remainder due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year in an amount equal to not less than (1) the remaining one-half of the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as provided in the Covina Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the then-current calendar year as provided in the Covina Indenture, plus (2) the amount of any remaining deficiency in the Reserve Account.

Subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues received by the Covina Successor (1) during the period commencing on June 2 of the prior calendar year and ending January 2 of the then current calendar year in excess of the amount required, as provided in the Covina Indenture, to be deposited in the Tax Increment Fund on January 2, and (2) during the period commencing on January 3 of the then current calendar year and ending June 1 of such calendar year in excess of the amount required, as provided in the Covina Indenture, to be deposited in the Tax Increment Fund on June 1, will, immediately following the deposit with the Agency Trustee of the amounts required to be so deposited as provided in the Covina Indenture on each such date, be released from the pledge, security interest and lien under the Covina Indenture for the security of the Outstanding Bonds, and may be applied by the Covina Successor for any lawful purpose of the Covina Successor, including but not limited to the payment of subordinate debt, or the payment of any rebate amounts. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and any Parity Debt and the payment in full of all other amounts payable under the Covina Indenture and under any Supplemental Indentures, the Covina Successor will not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Covina Indenture and in any Supplemental Indenture.

The Successor Agency covenants and agrees that, subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues, when and as received in accordance with the Covina Indenture, will be received by the Successor Agency in trust under the Covina Indenture and will be deemed to be held by the Successor Agency as agent for the Agency Trustee and will, not later than five (5) Business Days following such receipt, be deposited by the Successor Agency with the Agency Trustee in the Tax Increment Fund and will be accounted for through and held in trust in the Tax Increment Fund, and the Successor Agency will have no beneficial right or interest in any of such money, except only as in the Covina Indenture; provided that the Successor Agency will not be obligated to deposit in the Tax Increment Fund in any calendar year an amount which exceeds the amounts required to be transferred to the Agency Trustee for deposit in the Tax Increment Fund pursuant to the Covina Indenture. All such Tax Revenues, whether received by the Successor Agency in trust or deposited with the Agency Trustee will nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Covina Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the Successor Agency.

In order to assure that funds required to be deposited with the Agency Trustee pursuant to the Covina Indenture are so deposited in a timely fashion, and to further secure the Bonds, the Covina Successor will irrevocably authorize and direct the County Treasurer and Tax Collector and the County Auditor-Controller to transfer any Successor Agency funds then held in, or later received by the County Treasurer and Tax Collector and the County Auditor-Controller for deposit in, the RPTTF, to the Agency Trustee for deposit into the Tax Increment Fund in the amounts provided for in the Covina Indenture.

Prior to enactment of the Dissolution Act, the Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Covina RDA entered into two agreements for this purpose (the "Pass-Through Agreements") relating to the Covina Project Two. Additionally, Sections 33607.5 and 33607.7 of the Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the "Statutory Pass-Through Amounts"). Further, certain education agencies receive payments from the RPTTF generated from the Project Areas pursuant to Section 33676 of the Law. The Dissolution Act provides for a procedure by which the Covina Successor may make Statutory Pass-Through Amounts subordinate to the Covina Refunding Bonds; however, the Covina Successor has determined not to undertake such procedure, and therefore, Statutory Pass-Through Amounts are senior to the payment of debt service on the Covina Refunding Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS — Recognized Obligation Payment Schedule" in the forepart of this Official Statement and "SECURITY FOR THE REFUNDING BONDS — Pass-Through Agreements," "— Statutory Pass-Through Amounts" and — Section 33676 Election" in this Appendix A for additional information.

Reserve Account

There will be established pursuant to the Covina Indenture a separate reserve account known as the "Reserve Account" to be held in trust by the Agency Trustee with respect to the Covina Refunding Bonds. The Covina Successor is required to maintain moneys in the Reserve Account in an amount equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service (the "Reserve Account Requirement"). Under the Covina Indenture, "Annual Debt Service" means for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year). Under the Covina Indenture, "Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made. Under the Covina Indenture, "Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

Upon issuance of the Covina Refunding Bonds, the Covina Successor will cause the Reserve Policy to be deposited in the Reserve Account in an amount equal to the Reserve Account Requirement.

In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Agency Trustee upon receipt of actual knowledge will promptly notify the Covina Successor of such fact. As soon as possible following receipt of any such notice, subject only to the limitations of filing its ROPS in accordance with the Covina Indenture, the Covina Successor will transfer to the Agency Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there will then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Covina Successor will be obligated to continue making transfers as Tax Revenues become available in the Tax Increment Fund (such transfers to be applied pro rata among accounts in the Reserve Account) until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No deposit need be made in the Reserve Account so long as there will be on deposit therein a sum equal to the Reserve Account Requirement.

Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund

Subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues in the Tax Increment Fund will be set aside by the Agency Trustee in each Bond Year when and as received in the following respective special accounts within the Tax Increment Fund (each of which will be created and each of which the Covina Successor will covenant to cause to be maintained with the Agency Trustee so long as the Bonds will be Outstanding under the Covina Indenture), in the following order of priority (except as otherwise provided in subsection (b) below):

(1) Interest Account;
(2) Principal Account;
(3) Term Bonds Sinking Account;
(4) Reserve Account; and
(5) Expense Account.

All moneys in each of such accounts will be held in trust by the Agency Trustee and will be applied, used and withdrawn only for the purposes authorized thereto in the Covina Indenture.

Interest Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Interest Account 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 Bonds on the Interest Payment Dates in such Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account will be used and withdrawn by the Agency Trustee solely for the purpose of paying the interest on the Bonds as it will become due and payable (including accrued interest on any Covina Refunding Bonds purchased or redeemed prior to maturity).

Principal Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds (defined in the Covina Indenture) on the Principal Payment Date in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Serial Bonds becoming due and payable on the Principal Payment Date in such Bond Year. All money in the Principal Account will be used and withdrawn by the Agency Trustee solely for the purpose of paying principal of the Serial Bonds as they will become due and payable.

In the event that there will be insufficient money in the Tax Increment Fund to pay in full all such principal and Sinking Account Installments due in such Bond Year, then the money available in the Tax Increment Fund will be applied pro rata to the payment of such principal and Sinking Account Installments in the proportion which all such principal and Sinking Account Installments bear to each other.

Term Bonds Sinking Account. The Agency Trustee will deposit in the Term Bonds Sinking Account an amount of money which, together with any money contained therein, is equal to the Sinking Account Installments payable on the Sinking Account Payment Date in such Bond Year. No deposit need be made in the Term Bonds Sinking Account if the amount contained therein is at least equal to the aggregate amount of all Sinking Account Installments required to be made on the Sinking Account Payment Date in such Bond Year. All moneys in the Term Bonds Sinking Account will be used and withdrawn by the Agency Trustee solely for the purpose of purchasing or redeeming the Term Bonds in accordance with the Covina Indenture.

Reserve Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Reserve Account such amount as may be necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement. No deposit need be made into the Reserve Account so long as there will be on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account will be used and withdrawn by the Agency Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Term Bonds Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Bonds in the event that no other money of the Covina Successor is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the Covina Successor is not in default under the Covina Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement will be transferred to the Tax Increment Fund. On any date on which Bonds are defeased in accordance with the Covina Indenture, the Agency Trustee will, if so directed in a Written Request of the Agency, transfer any moneys in the Reserve Account in excess of the Reserve Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the Agency, to be applied to such defeasance. If at any time the Agency Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds or withdraws funds from the Reserve Account to pay principal and interest on the Bonds, the Agency Trustee will notify the Authority in writing of such failure or withdrawal, as applicable.

Amounts drawn under the Reserve Policy will be available only for the payment of scheduled principal and interest on the Covina Refunding Bonds, when due.

The Agency Trustee will ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the Covina Indenture and to provide notice to Assured Guaranty Municipal Corp. in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal, respectively, is due on the Covina Refunding Bonds. Where deposits are required to be made by the Covina Successor with the Agency Trustee to the debt service fund for the Covina Refunding Bonds, more often than semi-annually, the Agency Trustee will be instructed to give notice to Assured Guaranty Municipal Corp. of any failure of the Covina Successor to make timely payment in full of such deposits within two Business Days of the date due.

Expense Account. The Agency Trustee will set aside from the Tax Increment Fund and deposit in the Expense Account such amount as may be necessary to pay from time to time Compliance Costs. All moneys in the Expense Account will be applied to the payment of Compliance Costs, upon presentation of a Written Request of the Agency setting forth the amounts, purposes, the names of the payees and a statement that the amounts to be paid are proper charges against the Expense Account. So long as any of the Bonds authorized under the Covina Indenture, or any interest thereon, remain unpaid, the moneys in the Expense Account will be used for no purpose other than those required or permitted by the Covina Indenture and the Law.

Parity Debt Limited to Refunding Bonds

The Covina Successor may, at any time after the issuance and delivery of the Covina Refunding Bonds, issue Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds, subject to the terms of the Covina Indenture. The Covina Indenture provides that any Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Covina Refunding Bonds may only be issued for purposes of refunding Outstanding Bonds issued in accordance with the Law. The Covina Indenture permits the refunding of the Senior Bonds on a basis senior to or on a parity with the Covina Refunding Bonds to the extent such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

Nothing contained in the Covina Indenture will limit the issuance of any tax allocation bonds of the Covina Successor payable from Tax Revenues and secured by a lien and charge on Tax Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Covina Refunding Bonds theretofore issued hereunder will be Outstanding, nor will anything contained in the Covina Indenture prohibit the issuance of any tax allocation bonds or other indebtedness by the Covina Successor secured by a pledge of tax increment revenues (including Tax Revenues) subordinate to the pledge of Tax Revenues securing the Covina Refunding Bonds.

Investment of Moneys in Funds and Accounts

Moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder, upon the Written Request of the Authority (for so long as the Authority Trustee will be owner of Bonds) on behalf of the Covina Successor, will be invested by the Agency Trustee in Permitted Investments. Moneys in the Interest Account representing accrued interest paid to the Covina Successor upon the initial sale and delivery of any Bonds and in the Reserve Account, upon the Written Request of the Authority, will be invested by the Agency Trustee in Permitted Investments. Permitted Investments purchased with amounts on deposit in the Reserve Account will have an average aggregate weighted term to maturity of not greater than five (5) years; provided, however, that if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Account may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. The obligations in which moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder are so invested will mature prior to the date on which such moneys are estimated to be required to be paid out under the Covina Indenture. Any interest, income or profits from the deposits or investments of all other funds and

accounts held by the Agency Trustee (other than the Rebate Fund) will be deposited in the Tax Increment Fund. For purposes of determining the amount on deposit in any fund or account held by the Agency Trustee under the Covina Indenture, all Permitted Investments credited to such fund or account will be valued at the lower of cost or the market price thereof (excluding accrued interest and brokerage commissions, if any); provided that Permitted Investments credited to the Reserve Account will be valued at market value (exclusive of accrued interest and brokerage commissions, if any), and any deficiency in the Reserve Account resulting from a decline in market value will be restored to the Reserve Account Requirement no later than the next Bond Year. Amounts in the funds and accounts held by the Agency Trustee under the Covina Indenture will be valued at least annually on the fifteenth day of December, after the principal payment has been made.

Covenants of the Covina Successor With Respect To Tax Revenues

In accordance with the Covina Indenture, the Covina Successor will comply with all requirements of the Law to ensure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary ROPS.

(a) The Covina Successor will manage its fiscal affairs in a manner so that it will have sufficient Tax Revenues available under the Redevelopment Plans in the amounts and at the times required to enable the Covina Successor to pay the principal of, premium, if any and interest on the outstanding Senior Bonds, and any parity debt thereof, and the Covina Refunding Bonds and any Parity Debt when due.

The Covina Successor will comply with all requirements of the Law to obtain the allocation and payment to it of the Tax Revenues, including without limitation including on its ROPS for each six-month period, and the timely filing thereof, all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Covina Indenture.

(b) The Covina Successor covenants in the Covina Indenture that, for so long as the receipt of Tax Revenues attributable to the Covina Revitalization – Redevelopment Project No. One (the "Covina Project One") is subject to a tax increment limit under the Law, it will annually review the total amount of Tax Revenues attributable to Covina Project One remaining available to be received by the Covina Successor under the Redevelopment Plan for Covina Project One. In the event that the Tax Revenues attributable to Covina Project One received by the Covina Successor and the aggregate debt service remaining to be paid on the Senior Bonds, and any parity debt thereof, and the Covina Refunding Bonds and any Parity Debt at any time equals or exceeds ninety percent (90%) of the aggregate amount of Tax Revenues attributable to Covina Project One which the Covina Successor is permitted to receive under the Redevelopment Plan for Covina Project One, the Covina Successor will either:

(1) deposit all future Tax Revenues attributable to Covina Project One with the Agency Trustee in a special account to be applied for the sole purpose of paying Future Pro Rata Debt Service as due and payable, and shall take all actions required under the Dissolution Act to include on its ROPS all amounts for the applicable six month period in order to satisfy the obligation to pay Future Pro Rata Debt Service from Tax Revenues attributable to Covina Project One (not used to pay current debt service or current obligations under Pass-Through Agreements and Statutory Pass- Through Amounts and including, in each case, in amounts constituting debt service, amounts then required to meet any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement and any deficiency in the reserve accounts under the indentures for the Senior Bonds) and shall transmit to the Agency Trustee such amounts to be allocated and accounted for separately for Senior Bonds and any parity debt thereof and the Covina Refunding Bonds and any Parity Debt; notwithstanding anything herein to the contrary, such escrow account shall be invested in non-callable Defeasance Obligations and used for the payment of Future Pro Rata Debt Service, or

(2) adopt a plan approved by an Independent Redevelopment Consultant which demonstrates the Covina Successor's continuing ability to pay Future Pro Rata Debt Service. In determining the amount to be deposited in escrow with the Agency Trustee, the Covina Successor will not take into account any actual or projected interest earnings on the amounts so deposited.

In furtherance of this covenant, the Covina Successor agrees to make the calculations required under (b) above annually by September 1, commencing September 1, 2015 and, if applicable, provide the Agency Trustee (i) a summary statement and certification of the amounts applied in making the calculations pursuant to (b)(1) above and (ii) a copy of any plan delivered in accordance with (b)(2) above. The Covina Successor further agrees that such information provided to the Agency Trustee will be included in its annual report provided pursuant to the Continuing Disclosure Agreement. Based on the Fiscal Consultant's Tax Revenue projections assuming inflationary assessed value growth in Covina Project One, it is estimated that the calculation set forth in (b)(1), above, would reach 90% in Fiscal Year 2020. See "THE REDEVELOPMENT PLANS — Project Area Plan Limitations" and "SPECIAL RISK FACTORS — Subordinate Lien Risks."

(c) Notwithstanding the foregoing, if legislation is adopted by the legislature of the State of California eliminating the effective limit on the amount of taxes which can be allocated to the Covina Successor pursuant to the Law and the Redevelopment Plans, the deposit of Tax Revenues attributable to Covina Project One pursuant to (b), above, for the purpose of paying future Pro Rata Debt Service.

For purposes of the foregoing covenant, "Future Pro Rata Debt Service" means the allocation of funds escrowed as provided in paragraph (1) above calculated, as of the date of calculation, as the sum of (i) remaining debt service on Senior Bonds and any parity debt thereof divided by the sum of remaining debt service on Senior Bonds and any parity debt thereof and remaining debt service on the Authority Bonds and any Parity Debt multiplied by Tax Revenues attributable to Covina Project One (not used to pay current debt service or current obligations under Pass-Through Agreements and Statutory Pass-Through Amounts and including, in each case, in amounts constituting debt service, amounts then required to meet any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement and any deficiency in the reserve accounts under the indentures for the Senior Bonds) and, (ii) remaining debt service on the Authority Bonds and any Parity Debt divided by the sum of remaining debt service on Senior Bonds and any parity debt thereof and remaining debt service on the Authority Bonds and any Parity Debt multiplied by Tax Revenues attributable to Covina project One (not used to pay current debt service or current obligations under Pass-Through Agreements and Statutory Pass-Through Amounts and including, in each case, in amounts constituting debt service, amounts then required to meet any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement and any deficiency in the reserve accounts under the indentures for the Senior Bonds).

The Covina Successor has further covenanted under the Covina Indenture to comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Covina Successor covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Covina Successor with its covenants under the Covina Indenture. Further, the Covina Successor will take all actions required under the Dissolution Act to include on its ROPS for each six-month period all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the Covina Indenture, including any amounts required to pay principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement, any deficiency in the reserve accounts under the indentures for the Senior Bonds, any Compliance Costs, and any required debt service, reserve set-asides, and any other payments required under the Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller to distribute from the RPTTF amounts to the Agency Trustee for deposit in the Tax Increment Fund on each January 2 and June 1 amounts required for the Covina Successor to pay the principal of, premium, if any, and the interest on the Outstanding Bonds and any Parity Debt coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the

amounts to be held by the Covina Successor as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal of, premium, if any, and the interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period.

For additional covenants of the Covina Successor with respect to the Covina Refunding Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS — Covenants of the Agency Participant" in the forepart of this Official Statement.

Limited Obligations

The Covina Successor will not be required to advance any money derived from any source of income other than the Tax Revenues for the payment of the principal of, and the interest on the Bonds. The Bonds are special obligations of the Covina Successor and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and the Covina Successor is not obligated to pay them except from the Tax Revenues. 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 principal of, and the interest on the Bonds, to the extent set forth in the Covina Indenture. The Bonds are not a debt of the City, the County, the State of California or any other political subdivision of the State, and neither said City, said State, said County nor any of the State's other political subdivisions is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Covina Successor pledged therefor as provided in the Covina Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Covina Successor nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Tax Revenues

Under State law, the rate of *ad valorem* property taxes which may be levied with respect to property within a project area is generally limited to 1% of the "full cash" assessed value. In this Appendix A such taxes are referred to as the "general levy" and are allocated to the State, the County, the City and all other taxing entities having jurisdiction over all or a portion of the Covina Projects. The assessed values of property within the Project Areas, as last equalized prior to adoption of the Redevelopment Plan, become the "base year" assessed values.

As discussed above, the Covina Successor has no power to levy and collect taxes, and any provision of law limiting property taxes or allocating additional sources of income to taxing agencies and having the effect of reducing the property tax rate must necessarily reduce the amount of gross tax increment revenues and, accordingly, Tax Revenues that would otherwise be available to pay debt service on the Covina Refunding Bonds. Likewise, broadened property tax exemptions could have a similar effect. Additionally, gross tax increment revenues and, accordingly, Tax Revenues will be reduced each year by a collection fee charged by the County. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement.

Conversely, any increase in the present tax rate or assessed valuation, or any reduction or elimination of present property tax exemptions, would increase the Tax Revenues available to pay debt service on the Covina Refunding Bonds. See "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement for discussion of the Constitutional constraints of increasing tax rates and assessed valuation.

As described below under "THE REDEVELOPMENT PLAN," the Covina Successor may pay a portion of the former tax increment revenues to other Taxing Agencies as Statutory Pass-Through Amounts. See also "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES — Redevelopment Plan Limits" in the forepart of this Official Statement.

Pass-Through Agreements

Prior to 1994, under the Law, a redevelopment agency could enter into an agreement to pay former tax increment revenues to any affected taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These Pass-Through Agreements normally provided for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements.

The Former Covina RDA entered into Pass Through Agreements with the County and the Los Angeles County Flood Control District, providing for the allocation of former tax increment revenues generated by the Covina Project Two. The Pass-Through Agreements are not secured by a pledge of Tax Revenues; however, pursuant to Section 34183(a)(1) and (b) of the Dissolution Act, the Pass-Through Agreements are treated as senior to the Covina Refunding Bonds and payments under the Pass Through Agreements are deducted from the projections of Tax Revenues in this Appendix A. The Covina Successor's obligations under the Pass-Through Agreements are described below:

With respect to the Original Project Two Area (defined below), the Covina Successor is required to reimburse to the County 52.8% of the former tax increment revenues generated from the Original Project Two Area, less a pro-rata portion of the amount required to be deposited into the Housing Fund (defined below) (resulting in a net reimbursement to the County of 42.3% of tax increment revenues from the Original Project Two Area). With respect to the Added Project Two Area, the Covina Successor is required to reimburse to the County and the Los Angeles County Flood Control District the amount of former tax increment revenues that would have been allocated to such entities in the absence of the amendment to the Redevelopment Plan for the Covina Revitalization – Redevelopment Project No. Two that added the Added Project Two Area, less a pro-rata portion of the amount required to be deposited into the Housing Fund (as defined herein).

For more information about the Pass-Through Agreements, see the Fiscal Consultant's Report attached to this Official Statement as Appendix B.

Statutory Pass-Through Amounts

On and after January 1, 1994, a redevelopment agency's tax increment revenues were reduced by certain mandatory Statutory Pass-Through Amounts paid to affected taxing entities pursuant to the Law. Any amendment of a redevelopment plan that increased the amount of tax increment revenues to be received in a project area or extended any of the time limits triggered such payments to affected taxing entities. These payments, which are to begin the fiscal year following the year that the project area's original plan limitations would have taken effect, are calculated using the increase in revenue less the amount of revenue generated by the project area in the year that the former limit would have been reached. Under the Dissolution Act, in particular Section 34183, the County Auditor-Controller is obligated to remit these Statutory Pass-Through Amounts to the affected taxing entities from the Covina Successor's RPTTF for each ROPS period.

Assembly Bill 1290 ("AB 1290") eliminated the statutory authority for negotiated pass-through agreements and provided a formula for mandatory tax sharing, applicable to projects adopted after January 1, 1994 or amended after that date to add territory or make certain other amendments. As further described herein under "THE REDEVELOPMENT PLAN," the City adopted several ordinances amending the Redevelopment Plans to extend required time limits after 1994 and, accordingly, the Covina Successor is required to pay the Statutory Pass-Through Amounts to affected taxing agencies that did not enter into Pass-Through Agreements with the Former Covina RDA. These tax sharing payments continue so long as tax increment is available to repay indebtedness in the Covina Projects. The Statutory Pass-Through Amounts are determined by specific formulas under the Law; and post-dissolution, these payment obligations of the Covina Successor to affected taxing entities are administered by the County Auditor-Controller under the Dissolution Act (see "THE PROJECT AREA — Projected Tax Revenues" for a projection of such payments).

Generally speaking, under the Law as amended by AB 1290 and as the obligation continues under the Dissolution Act, the Covina Successor is required to pay to the affecting taxing entities percentages of tax increment generated in the Project Areas as the Statutory Pass-Through Amounts, as follows:

1. following the expiration of the existing time limit to incur debt and thereafter, 25% of post set-aside revenues; plus,

2. for the eleventh year following the expiration of the existing time limit and thereafter, 21% of revenues in excess of tenth year revenue; plus,

3. for the thirty-first year of the receipt of tax increment and thereafter, 14% of revenues in excess of thirtieth year revenues.

The payments of the Statutory Pass-Through Amounts to the affected taxing entities are allocated among each affected taxing entity in proportion to the share of property taxes each affected taxing entity received in the year funds are allocated. As indicated, amounts specified as payable to affected taxing entities are computed after deducting the amounts required to be deposited into the Housing Fund. For more information about the Statutory Pass-Through Amounts, see the Fiscal Consultant's Report attached to this Official Statement as Appendix B.

The Covina Successor has determined not to undertake any procedure to subordinate the Statutory Pass-Through Amounts and thus, such Statutory Pass-Through Amounts are senior to the payment of debt service on the Covina Refunding Bonds. The Covina Successor cannot guarantee that the process prescribed by the Dissolution Act of administering the Gross Tax Revenues will effectively result in adequate Tax Revenues for the payment of principal and accreted value (if any) of and interest on the Covina Refunding Bonds when due.

Section 33676 Election

Prior to the enactment of AB 1290, redevelopment project areas adopted between January 1, 1985 and January 1, 1994 were subject to payments to schools and to other affected taxing agencies that elected to receive tax revenue payments set forth under Section 33676 of the Law ("33676 Amounts"). The annual payments represent that portion of property taxes that are, or otherwise would be, calculated annually pursuant to subdivision (f) of Section 110.1 of the Revenue and Taxation Code (and referred to as the 2% inflation allocation). Los Angeles County of Education, Mt. San Antonio College and Covina-Valley Unified School District are entitled to receive 33676 Amounts from the Covina Project Two Area. As with Statutory Pass-Through Amounts, the County Auditor-Controller administers the payment of 33676 Amounts and such 33676 Amounts are deducted from the tax revenues included in the definition of Tax Revenues under the Covina Indenture.

Low and Moderate Income Housing Fund

The Redevelopment Plan provided that a portion of all taxes that are allocated to the Covina Successor pursuant to the Law were deposited into a separate Low and Moderate Income Housing Fund (the "Housing Fund") and encumbered and expended by the Former Covina RDA for the purpose of increasing and improving the community's supply of housing available at an affordable housing cost to persons and families of low and moderate income. The Covina Housing Authority (the "CHA") was activated by the Covina City Council on January 25, 2011. On January 30, 2012, pursuant to Resolution No. 12-7045, the City refused the housing assets and functions and transferred those assets and functions to the CHA. On January 30, 2012, the CHA elected to retain the housing assets and functions previously performed by the Former Covina RDA. Pursuant to California Health and Safety Code Section 34176(a)(2), the Housing Asset Transfer Schedule ("HATS") prepared by Successor Agency staff was submitted by CHA to DOF on July 31, 2012. DOF issued its final determination letter on August 30, 2012, granting approval for transfer of all of the housing assets

listed on the HATS. Effective September 1, 2012, the Covina Successor's housing assets including loans receivable, land inventory (historical value totaling $425,610) and housing functions were transferred to and assumed by CHA, the Housing Successor.

Pursuant to the Dissolution Act, former tax increment revenues generated in the Project Areas are no longer required to be deposited into the Housing Fund previously established pursuant to Section 33334.3 of the Law. Accordingly, former tax increment revenues generated from the Project Areas previously required to be deposited in the Housing Fund are now available and pledged to the repayment of the Covina Refunding Bonds and any Parity Obligations.

Other ROPS Obligations

The Covina Successor has entered into a number of purchase and or lease agreements. These agreements, however, are not expected to impact the amount of Tax Revenues available for debt service as such agreements are subordinate to debt service on the Covina Refunding Bonds. These agreements include the following:

- On April 28, 1998, the Former Covina RDA purchased property located at 626 South Citrus Avenue, Covina, California, for $2.2 million. The purchase was paid by a cash deposit of $698,000 and by securing a promissory note of $1,520,052. The Covina Successor took over the lease of three current tenants and subsequently entered into a lease with Chick's Sporting Goods for their retail outlet. Interest on the unpaid principal accrues at a variable rate which was 4.432% per annum at August 1, 2014. Monthly payments were $12,001.53 as of such date. The Covina Successor anticipates this note will be repaid in full on August 1, 2015.

- On May 13, 2002, the Former Covina RDA entered into a lease for property located at 611 South Citrus Avenue, Covina, California. Such lease was for an initial term of 20 years, with annual rents beginning at $80,000 and increasing to $106,480 for the last 5 years of the lease. The Oversight Board to the Covina Successor adopted Resolution 13-30 on September 24, 2013, which terminates this lease with a termination payment of $193,600. The DOF has approved such termination payment and payment is expected during the ROPS period covering July 1, 2014 through December 31, 2014.

- On June 21, 2010, retroactive to March 31, 2010, the Former Covina RDA entered into a lease for property located at 1151 and 1211 North Azusa Avenue, Covina, California. This lease was the extension of a lease, dated September 2, 1999, pursuant to which the Former Covina RDA agreed to lease the subject premises from the landlord for the purpose of subleasing the premises to Seidner Enterprises, Inc. to rehabilitate the existing commercial building on the subject premises in accordance with the Redevelopment Plan and conduct business in the premises. The monthly rent payment is $49,840 which will terminate on June 30, 2017.

Pursuant to the Dissolution Act, the Covina Successor is permitted to repay loans or deferrals owed to the Low and Moderate Income Housing Fund (now the Low and Moderate Income Housing Asset Fund held and maintained by the Covina Housing Authority, as housing successor pursuant to Health and Safety Code Section 34176) and loans between the Former Covina RDA and the City which are reinstated pursuant to Health and Safety Code Section 34191.4(b). The Covina Successor has listed $3,390,509 in loans owed to the Low and Moderate Income Housing Fund and $2,654,430 in reinstated loans owed to the City on the ROPS for the period from January 1 through June 30, 2015. The Dissolution Act provides for repayment of such loans from RPTTF moneys available after payment of all other enforceable obligations of the Covina Successor, from one half of the remaining RPTTF in excess of the amount distributed to the affected taxing agencies pursuant to Health and Safety Code Section 34183(a)(4) in fiscal year 2012-13. As such, the Covina Successor does not believe repayment of such loans will prevent the Covina Successor from making debt service payments on the Covina Refunding Bonds when due.

THE REDEVELOPMENT PLANS

General

The Project Areas include the Covina Project One and the Covina Revitalization – Redevelopment Project No. Two (the "Covina Project Two"). The Project Areas exist pursuant to separate Redevelopment Plans with separate time and financial limits, as described in more detail below. A description of each of the Redevelopment Plans, each of the amendments to the Redevelopment Plans and the financial and time limitations set forth in such Redevelopment Plans is set forth below. See "THE PROJECT AREAS" for additional information regarding the Project Areas, including information on land use, assessed valuation, property ownership and Tax Revenues generated within the Project Areas.

The Covina Project One Plan

The Redevelopment Plan for the Covina Project One ("Covina Project One Plan") was adopted on July 15, 1974 by Ordinance No. 1268. The Covina Project One Plan was subsequently amended as follows:

- By Ordinance No. 1634 on December 15, 1986, to add certain financial and time limits to the Covina Project One Plan.
- By Ordinance No. 89-1699 on December 4, 1989, to permit residential uses within certain areas of the Covina Project One Area.
- By Ordinance No. 94-1766 on April 5, 1994, to add a time limit on the receipt of tax increment revenues and payment of debt pursuant to AB 1290.
- By Ordinance No. 94-1782 on November 15, 1994, to shorten time limits on the incurrence of debt, receipt of tax increment revenues and payment of debt pursuant to AB 1290.
- By Ordinance No. 99-1841 on March 16, 1999, to extend the time limit on effectiveness, receipt of tax increment revenues and payment of debt as permitted by Health and Safety Code Section 33333.6.
- By Ordinance No. 00-1867 on August 1, 2000, to extend the Former Covina RDA's eminent domain authority within certain areas of the Covina Project One Area.
- By Ordinance No. 03-1891 on February 4, 2003, to eliminate the time limit to incur debt pursuant to Senate Bill 211 ("SB 211").
- By Ordinance No. 05-1923 on September 6, 2005, to increase the time limits on effectiveness, receipt of taxes and repayment of indebtedness by one year as permitted by Senate Bill 1045.
- By Ordinance No. 06-1934 on November 27, 2006, to increase the time limits on effectiveness, receipt of taxes and repayment of indebtedness by two years as permitted by Senate Bill 1096.

The Covina Project Two Plan

The Redevelopment Plan for the Covina Project Two ("Covina Project Two Plan" and, together with the Covina Project One Plan, the "Redevelopment Plans") was adopted on September 19, 1983 by Ordinance No. 1546. The portion of the Covina Project Two Area adopted by Ordinance No. 1546 is referred to as the "Original Project Two Area." The Covina Project Two Plan was subsequently amended as follows:

- By Ordinance No. 87-1640 on July 13, 1987, to add approximately 78 acres to the Covina Project Two Area (the "Added Project Two Area").
- By Ordinance No. 94-1783 on November 15, 1994, to shorten existing time limits and add certain time limits to the Covina Project Two Plan pursuant to AB 1290.
- By Ordinance No. 99-1842 on March 16, 1999, to extend the time limit on effectiveness, receipt of tax increment revenues and payment of debt as permitted by Health and Safety Code Section 33333.6.
- By Ordinance No. 00-1868 on August 1, 2000, to extend the Former Covina RDA's eminent domain authority within certain areas of the Covina Project Two Area.
- By Ordinance No. 08-1952 on May 20, 2008, to eliminate the time limit to incur debt pursuant to SB 211.

Project Area Plan Limitations

The time and financial limits under the Redevelopment Plans, as modified under the plan amendment actions noted above, are summarized below:

Component Area	Plan Expiration	Last Date to Incur New Debt	Last Date to Repay Debt with Tax Increment	Tax Increment Limit	Limit on Total Bond Debt
Covina Project One	July 15, 2017	Eliminated	July 15, 2027	$220,000,000	None
Original Project Two Area	October 19, 2013[(1)]	Eliminated	October 19, 2023[(1)]	$48,000,000[(2)]	15,000,000
Added Project Two Area	August 12, 2027	Eliminated	August 12, 2037	$100,000,000	25,000,000

(1) Ordinance No. 99-1842 extended the time limits on receipt of tax increment revenues and payment of debt to October 19, 2023 and October 19, 2033, for the Original Project Two Area and the Added Project Two Area, respectively; however, the City and Former Covina RDA did not obtain County approval before adopting this plan amendment as required by the Pass-Through Agreement for the Original Project Two Area. Accordingly, this Appendix assumes the plan limits set forth in the above table will apply.

(2) Pursuant to the Pass-Through Agreement between the Covina Successor and the County relating to the Original Project Two Area, the Former Covina RDA agreed not to receive more than $48,000,000 of former tax increment revenues (net of payments to the County under the Pass Through Agreement) from the Original Project One Area. See "SECURITY FOR THE REFUNDING BONDS — Pass-Through Agreements" in this Appendix A.

Based on records of the County Auditor-Controller, the Fiscal Consultant estimates that, through fiscal year 2013-14, the cumulative gross total tax revenues attributable to the Project Areas and available to the Covina Successor amounts to approximately $147,990,365 for the Covina Project One Area, $20,007,369 for the Original Project Two Area, and $5,161,516 for the Added Project Two Area (such amounts include gross property taxes allocated to the RPTTF). Assuming 2% annual growth in assessed values, the Fiscal Consultant projects that the Covina Project One Area will reach the cumulative tax increment limit in fiscal year 2023-24. The Fiscal Consultant estimates that the Original Project Two Area will not reach the cumulative tax increment limit before the last day to receive tax increment and repay debt in that area unless assessed values increase by more than 19% per year in the Original Project Two Area. However, as discussed in the table above, the last day to repay debt with tax increment is approximately two months prior to the final maturity of the Covina Refunding Bonds. The Added Project Two Area is not projected to reach the cumulative tax increment limit before the last day the Covina Successor is eligible to receive tax increment in the Added Project Two Area.

There is a question of whether tax increment limits remain effective after adoption of the Dissolution Act. The matter remains subject to further guidance from the DOF, legislation and interpretation by the courts. For purposes of the projections in this Appendix A and the Fiscal Consultant's Report attached to this Official Statement as Appendix B, it is assumed that all redevelopment plan limits will be enforced.

Financial Limitations

See "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement for a discussion of certain matters which limit Tax Revenues or impact the use thereof.

THE PROJECT AREAS

General

The Covina Project One Area encompasses approximately 500 acres (approximately 0.78 square miles), or about 11% of the total incorporated area of the City of Covina (4,506 acres). The Covina Project Two Area encompasses approximately 99 acres (approximately 0.15 square miles), for a total of about 2% of the total incorporated area of the City of Covina (4,506 acres).

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the County Assessor for properties within the boundaries of the Project Areas. The reported current year Project Areas assessed value, less the frozen Base Year assessed value, becomes the basis for determining the computed gross property tax revenue allocable to the RPTTF. The reported Project Areas value for fiscal year 2014-15 is as follows.

	Fiscal Year 2014-15	% of Total
Secured Value	$ 944,162,249	93%
Unsecured Value	70,208,821	7
Total Current Year Value	$ 1,014,371,070	100
Base Year Value	77,711,985	8
Incremental Value	$ 936,659,085	92%

Source: County of Los Angeles and HdL Coren & Cone.

The following table illustrates the land use of property in the Project Areas.

TABLE A-1
COVINA PROJECTS
LAND USE STATISTICS
(Fiscal Year 2014-15)

Land Use	Parcels	2014-15 Net Taxable Value	Percent of Total
Residential	919	$ 322,427,689	31.79%
Commercial	348	473,843,589	46.71
Industrial	77	125,959,198	12.42
Governmental/Exempt	1	78,033	0.01
Institutional	3	3,635,895	0.36
Miscellaneous	1	267,298	0.03
Recreational	2	4,253,171	0.42
Vacant	53	8,039,245	0.79
Exempt	59	0	0.00
Subtotal	1463	938,504,118	92.52
Other		5,658,131	0.56
Unsecured		70,208,821	6.92
Subtotal		75,866,952	7.48
TOTAL		**$ 1,014,371,070**	**100.00%**

Source: HdL Coren & Cone.

Ten Largest Taxpayers

The ten largest taxpayers in the Project Areas represent approximately 24.80% of the total Project Areas' value for fiscal year 2014-15 and are comprised primarily of commercial land uses. When compared against the incremental assessed value of the Project Areas, these ten largest taxpayers represent approximately 26.86% of the total incremental assessed value within the Project Areas.

TABLE A-2
COVINA PROJECTS
MAJOR PROPERTY TAXPAYERS
(Fiscal Year 2014-15)

	Property Owner	Primary Land Use	FY 2014-15 Assessed Valuation	Percent of Total	Percent of Incremental	Project Area
1	KIR Covina LP[1]	Retail Shopping Center	$ 47,499,907	4.68%	5.07%	One[2]
2	Vista Point Apartments LLC[1]	Residential Apartments	45,599,058	4.50	4.87	Two[3]
3	FNL Covina Partners	Commercial Office Complex	30,247,010	2.98	3.23	One
4	Spirit SPE Covina[1]	AMC Movie Theater	24,800,000	2.44	2.65	One
5	Haemonetics Manufacturing	Blood Processing Products	22,200,712	2.19	2.37	One
6	Walmart Real Estate Business Trust	Walmart Retail Store	19,153,551	1.89	2.04	One
7	UIMC Covina[1]	Home Depot Warehouse Store	18,941,209	1.87	2.02	One
8	Crystal Waterfalls	Radisson Hotel	16,773,204	1.65	1.79	One
9	Covina Marketplace[1]	Retail Shopping Center	13,666,272	1.35	1.46	One
10	Covina Properties[1]	Retail Shopping Center	12,686,294	1.25	1.35	One
			$ 251,567,217	24.80	26.86	
		Total Project Area Value:	$ 1,014,371,070			
		Project Area Incremental Value:	$ 936,659,085			

(1) Currently has assessment appeals on file. See "— Assessment Appeals" below.
(2) Refers to Covina Project One.
(3) Refers to Covina Project Two.
Source: County of Los Angeles and HdL Coren & Cone.

KIR Covina LP. The Property owned by KIR Covina LP is a multi-purpose commercial shopping center commonly known as Covina Town Square, located in the northeastern portion of Covina Project One at the intersection of Arrow Highway and Azusa Avenue. Anchor tenants include AMC Theatres, Lowes, Planet Fitness, Skyzone and Outback Steakhouse.

Vista Point Apartments, LLC. Vista Point Apartment Homes, LLC owns the Vista Pointe Apartment Homes residential development located at 1400 North Grand Avenue in the northern portion of Covina Project Two. The development includes 104 one-bedroom units, four of which are currently vacant, and 112 two-bedroom units, ten of which are vacant.

FNL Covina Partners. FNL Covina Partners is the owner of the Covina Technology, a five-building technology office park located along North Grand Avenue in Covina Project One. The five buildings total over 144,000 square feet and include on-site restaurants, fiber optics and flex space.

Assessed Valuation

The following table sets forth the taxable assessed valuations for the Project Areas and the incremental taxable values for the last ten fiscal years. According to the County, the total assessed valuation of the Project Areas for fiscal year 2014-15 is $1,014,371,070. Assessed values in the Project Areas are subject to low volatility: The volatility ratio is 0.08 for the Combined Project Areas, 0.06 for the Covina Project One Area and 0.13 for the Covina Project Two Area.

TABLE A-3
COVINA PROJECTS
ASSESSED VALUATIONS AND INCREMENTAL TAX VALUES
(Fiscal Years 2005-06 to 2014-15)

Fiscal Year Ending June 30	Assessed Value	Less: Base Year Value	Value Over Base Year
2006	$ 715,031,773	$78,288,218	$636,743,555
2007	779,446,306	78,288,218	701,158,088
2008	838,264,964	78,333,481	759,931,483
2009	944,283,359	78,333,481	865,995,141
2010	937,330,444	78,289,066	859,041,378
2011	913,846,743	78,171,349	835,675,394
2012	961,343,050	78,171,349	883,171,701
2013	933,463,346	77,586,092	855,877,254
2014	980,867,609	77,711,985	903,155,624
2015	1,014,371,070	77,711,985	936,659,085

Source: County of Los Angeles and HdL Coren & Cone.

For projections of growth in incremental assessed valuation and Gross Tax Increment Revenues, see "— Projected Tax Revenues" below.

For information about assessment appeals, see "— Assessment Appeals."

Levy and Collections

The prior year allocation of tax increment revenues and the County Auditor-Controller's distribution of property taxes to the RPTTF are a reflection of actual property tax collections experienced within the Project Areas. Based on the Fiscal Consultant's review of the County's year-end tax ledgers from fiscal year 2009-10 to fiscal year 2013-14, the property taxes collected within the Project Areas averaged 97.3%. The County has not adopted the "Teeter Plan" alternative method for collection of taxes and, therefore, the receipt of property taxes is subject to delinquencies.

TABLE A-4
COVINA PROJECTS
TAX LEVY AND COLLECTIONS
(Fiscal Years 2009-10 to 2013-14)

Fiscal Year Ending June 30	Computed Levy[1]	Actual Based on Collections Rate[2]	Percent of Collections
2010	$8,728,661	$8,503,681	97.4%
2011	8,374,664	8,180,010	97.7
2012	8,552,500	8,203,546	95.9
2013	8,584,710	8,433,211	98.2
2014	9,311,774	9,063,507	97.3

(1) Computed Levy based on reported incremental value multiplied by the tax rate to compute gross tax increment. Computed Levy also includes Unitary Taxes, if any, as reported by the County Auditor-Controller.

(2) Amounts represent the annual tax increment revenues allocable up to fiscal year 2010-11 and prior to the dissolution of the Former Covina RDA under AB x1 26. For purposes of identifying the collection of property taxes, amounts shown do not include a deduction of administrative fees, tax refunds, pass through payments, nor do they include supplemental taxes, prior year redemption payments, escaped assessments and any mid-year adjustments made by the County.

Source: County of Los Angeles; HdL Coren & Cone.

Assessment Appeals

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the County Assessor following a change in ownership or completion of new construction. If the base year value assigned by the County Assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value.

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the property owner. A property owner can file for a regular assessment appeal with the County between July 2 and November 30. Revenue and Taxation Code Section 1604 allows up to two years for an assessment appeal to be decided. Six of the top ten taxpayers within the Project Areas have filed assessment appeals that are currently pending. Additional appeals to assessed values in the Project Areas may be filed from time to time in the future. The Covina Successor cannot predict the extent of these appeals or their likelihood of success.

The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Project Areas based upon the latest information available from the County Appeals Board database through the second quarter of 2014. The Fiscal Consultant's estimates are based upon the historical averages of successful appeals and amounts of value reductions. Actual appeals, reductions and refunds may vary from historical averages. The Fiscal Consultant's estimated reductions in values are reflected in its projections.

The following table, showing appeal data for fiscal years 2009-10 through 2014-15, summarizes the potential losses that are incorporated into the Fiscal Consultant's projections:

TABLE A-5
COVINA PROJECTS
ASSESSED VALUATION APPEALS
(Fiscal Year 2009-10 to 2014-15)

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. of Appeals Pending	Est. No. of Pending Appeals Allowed
135	62	42	19.14%	73	49

Combined Value Under Pending Appeals[1]	Fiscal Consultant Estimated Reduction on Pending Appeals Allowed (2015-16 AV)
$309,709,031	$43,567,938

[1] Reflects the total assessed value of the property subject to appeal and does not reflect the applicant's opinion of value.
Source: County of Los Angeles and HdL Coren & Cone.

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year gross property taxes before the County's allocation to the RPTTF.

Actual resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the Fiscal Consultant's projections. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other than the stated opinion of value. See "— Assessed Valuation" above, for a summary of historical assessed property valuations in the Project Areas. For more information about appeals and the Fiscal Consultant's assumptions, see the Fiscal Consultant's Report attached to this Official Statement as Appendix B.

Projected Tax Revenues

The following table shows the current and projected valuation of taxable property in the Covina Projects and the projected Tax Revenues. Such projections are estimates only and no assurance can be given that such projections will be achieved. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" in the forepart of this Official Statement and "SPECIAL RISK FACTORS" in this Appendix A.

TABLE A-6
COVINA PROJECTS
PROJECTION OF PROJECT AREAS TAX REVENUES
ASSUMES VALUE GROWTH
(000s Omitted)

Bond Year Ending December 15	Total Taxable Value[1]	Taxable Value Over Base	Gross Tax Increment Revenue[2]	Unitary Tax Revenue	Gross Revenues	County Admin. Charges[3]	Tax Sharing Payments[4]	Gross Tax Revenues	Series 2004B Bonds Debt Service	Series 2013A Bonds Debt Service	Tax Revenues[5]
2015	$1,014,371	$ 936,659	$ 9,367	$78	$ 9,445	$(167)	$(1,485)	$7,793	$(399)	$(801)	$6,593
2016	1,003,801	926,089	9,261	78	9,339	(166)	(1,479)	7,695	(396)	(799)	6,501
2017	1,022,895	945,183	9,452	78	9,530	(168)	(1,540)	7,822	(397)	(803)	6,622
2018	1,042,372	964,660	9,647	78	9,725	(171)	(1,621)	7,932	(397)	(802)	6,734
2019	1,062,238	984,526	9,845	78	9,923	(174)	(1,708)	8,041	(396)	(2,504)	5,141
2020	1,082,502	1,004,790	10,048	78	10,126	(177)	(1,797)	8,152	(395)	(2,504)	5,253
2021	1,103,170	1,025,458	10,255	78	10,333	(180)	(1,888)	8,265	(398)	(2,506)	5,361
2022	1,124,253	1,046,541	10,465	78	10,544	(183)	(1,980)	8,380	(399)	(2,503)	5,478
2023[6]	1,145,756	1,068,044	10,680	78	10,759	(186)	(2,075)	8,498	(395)	(2,504)	5,599

(1) Taxable values as reported by the County for fiscal year 2014-15. Real property consists of land and improvements. Taxable values are increased for inflation at 2% for fiscal year 2015-16 and annually thereafter. Values for fiscal year 2015-16 are increased by $14.6 million from the value provided on Table A-3 for transfers of ownership and decreased by $43.6 million for assumed projected value loss due to pending assessment appeals. See "— Assessment Appeals." Personal Property values are held constant at fiscal year 2014-15 level.

(2) Gross Tax Increment Revenue is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Figure for fiscal year 2014-15 includes a reduction for tax refunds related to assumed reductions due to pending assessment appeals.

(3) County Administrative Charges include charges under SB 2557 and AB x1 26. The Fiscal Consultant estimates the charges under SB 2557 at 1.43% of Gross Revenues and assumes charges under AB x1 26 will remain constant at the amount paid from revenues collected in fiscal year 2013-14.

(4) Tax Sharing Payments include amounts due under Pass-Through Agreements, Statutory Pass-Through Amounts and 33676 Amounts. "SECURITY FOR THE REFUNDING BONDS — Pass-Through Agreements," "— Statutory Pass-Through Amounts" and — Section 33676 Election" in this Appendix A for additional information.

(5) Tax Revenues reflect RPTTF generated from the Covina Project Areas that are available to the Covina Successor for payment of debt service and enforceable obligations.

(6) For fiscal year 2022-23, Gross Tax Revenues for the Original Project Two Area are projected at $780,398 and are to be collected prior to October 19, 2023; such tax revenues may not be available to pay debt service on the Covina Refunding Bonds or Senior Bonds after October 19, 2023. See "THE REDEVELOPMENT PLANS — Project Area Plan Limitations."

Source: HdL Coren & Cone.

The following table shows the current and projected valuation of taxable property in the Project Areas and the projected Tax Revenues assuming no growth in the total assessed valuation of property within the Project Areas.

TABLE A-7
COVINA PROJECTS
PROJECTION OF PROJECT AREAS TAX REVENUES
ASSUMES NO VALUE GROWTH
(000s Omitted)

Bond Year Ending December 15	Total Taxable Value[1]	Taxable Value Over Base	Gross Tax Increment Revenue[2]	Unitary Tax Revenue	Gross Revenues	County Admin. Charges[3]	Tax Sharing Payments[4]	Gross Tax Revenues	Series 2004B Bonds Debt Service	Series 2013A Bonds Debt Service	Tax Revenues[5]
2015	$1,014,371	$936,659	$9,367	$78	$9,445	$(167)	$(1,485)	$7,793	$(399)	$(801)	$6,593
2016	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(396)	(799)	6,373
2017	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(397)	(803)	6,367
2018	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(397)	(802)	6,369
2019	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(396)	(2,504)	4,666
2020	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(395)	(2,504)	4,668
2021	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(398)	(2,506)	4,663
2022	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(399)	(2,503)	4,665
2023[6]	985,366	907,654	9,077	78	9,155	(163)	(1,425)	7,567	(395)	(2,504)	4,667

(1) Taxable values as reported by the County for fiscal year 2014-15. Real property consists of land and improvements. Taxable values are not increased for inflation. Values for fiscal year 2015-16 are increased by $14.6 million from the value provided on Table A-3 for transfers of ownership and decreased by $43.6 million for assumed projected value loss due to pending assessment appeals. See "— Assessment Appeals." Personal Property values are held constant at fiscal year 2014-15 level.

(2) Gross Tax Increment Revenue is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Figure for fiscal year 2014-15 includes a reduction for tax refunds related to assumed reductions due to pending assessment appeals.

(3) County Administrative Charges include charges under SB 2557 and AB x1 26. The Fiscal Consultant estimates the charges under SB 2557 at 1.43% of Gross Revenues and assumes charges under AB x1 26 will remain constant at the amount paid from revenues collected in fiscal year 2013-14.

(4) Tax Sharing Payments include amounts due under Pass-Through Agreements, Statutory Pass-Through Amounts and 33676 Amounts. "SECURITY FOR THE REFUNDING BONDS — Pass-Through Agreements," "— Statutory Pass-Through Amounts" and — Section 33676 Election" in this Appendix A for additional information.

(5) Tax Revenues reflect RPTTF generated from the Project Areas available to the Covina Successor for payment of debt service and enforceable obligations.

(6) For fiscal year 2022-23, Gross Tax Revenues for the Original Project Two Area are projected at $683,790 and are to be collected prior to October 19, 2023; such tax revenues may not be available to pay debt service on the Covina Refunding Bonds or Senior Bonds after October 19, 2023. See "THE REDEVELOPMENT PLANS — Project Area Plan Limitations."

Source: HdL Coren & Cone.

Estimated Debt Service Coverage

The following table sets forth the debt service and coverage ratio for the Covina Refunding Bonds and the Senior Bonds. There can be no assurance that such projected Tax Revenues will be realized. Such projections assume the issuance of the Covina Refunding Bonds and the refunding and defeasance of the Covina Refunded Obligations. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" in the forepart of this Official Statement and "SPECIAL RISK FACTORS" in this Appendix A.

TABLE A-8
COVINA PROJECTS
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES VALUE GROWTH
(000s Omitted)

Bond Year Ending December 15	Gross Tax Revenues[1]	Senior Bonds Debt Service	Covina Refunding Bonds Debt Service	Aggregate Senior Bonds and Covina Refunding Bonds Debt Service	Aggregate Debt Service Coverage On Senior Bonds and Covina Refunding Bonds[2]
2015	$7,793	$1,200	$1,388	$2,587	301%
2016	7,695	1,194	1,951	3,145	245
2017	7,822	1,200	1,950	3,149	248
2018	7,932	1,198	1,954	3,153	252
2019	8,041	2,901	143	3,043	264
2020	8,152	2,899	147	3,046	268
2021	8,265	2,904	141	3,044	272
2022	8,380	2,902	144	3,046	275
2023[3]	8,498	2,899	53	2,952	288

(1) Gross Tax Revenues are Tax Revenues prior to deduction of debt service on the Senior Bonds.
(2) Totals may not add due to rounding.
(3) For fiscal year 2022-23, Gross Tax Revenues for the Original Project Two Area are projected at $780,398, to be collected prior to October 19, 2023; such tax revenues may not be available to pay debt service on the Covina Refunding Bonds or Senior Bonds after October 19, 2023. See "THE REDEVELOPMENT PLANS — Project Area Plan Limitations." Gross Tax Revenues generated by the Covina Project One Area and the Added Project Two Area in the amount of $7.7 million are projected to be available for fiscal year 2022-23. In the absence of tax revenues generated from the Original Project Two Area, coverage would be reduced to 261%.

Source: HdL Coren & Cone and Stifel Nicolaus & Company, Incorporated.

The following table sets forth the debt service and coverage ratio for the Covina Refunding Bonds, assuming no growth in total assessed valuation of property within the Project Areas.

TABLE A-9
COVINA PROJECTS
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES NO VALUE GROWTH
(000s Omitted)

Bond Year Ending December 15	Gross Tax Revenues[1]	Senior Bonds Debt Service	Covina Refunding Bonds Debt Service	Aggregate Senior Bonds and Covina Refunding Bonds Debt Service	Aggregate Debt Service Coverage On Senior Bonds and Covina Refunding Bonds[2]
2015	$7,793	$1,200	$1,388	$2,587	301%
2016	7,567	1,194	1,951	3,145	241
2017	7,567	1,200	1,950	3,149	240
2018	7,567	1,198	1,954	3,153	240
2019	7,567	2,901	143	3,043	249
2020	7,567	2,899	147	3,046	248
2021	7,567	2,904	141	3,044	249
2022	7,567	2,902	144	3,046	248
2023[3]	7,567	2,899	53	2,952	256

(1) Gross Tax Revenues are Tax Revenues prior to deduction of debt service on the Senior Bonds.
(2) Totals may not add due to rounding.
(3) For fiscal year 2022-23, Gross Tax Revenues for the Original Project Two Area are projected at $683,790, to be collected prior to October 19, 2023; such tax revenues may not be available to pay debt service on the Covina Refunding Bonds or Senior Bonds after October 19, 2023. See "THE REDEVELOPMENT PLANS — Project Area Plan Limitations." Gross Tax Revenues generated by the Covina Project One Area and the Added Project Two Area in the amount of $7.6 million are projected to be available for fiscal year 2022-23. In the absence of tax revenues generated from the Original Project Two Area, coverage would be reduced to 233%.

Source: HdL Coren & Cone and Stifel Nicolaus & Company, Incorporated.

Property Tax and Spending Limitations

Section 1(a) of Article XIIIA of the California Constitution limits the maximum *ad valorem* tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. For a summary of this and other California constitutional property tax and spending limitations, see "LIMITATIONS ON TAX REVENUES — Property Tax and Spending Limitations" in the forepart of this Official Statement.

Unitary Property

The Fiscal Consultant projects that the amount of unitary revenues to be allocated to the Covina Successor for fiscal year 2014-15 within the Project Areas is approximately $78,000. The Covina Successor cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received by the Covina Successor. In addition, the Covina Successor cannot predict the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies, although the Covina Successor does not expect any transfer to have a material adverse effect on Gross Tax Increment Revenues and, accordingly, Tax Revenues.

SPECIAL RISK FACTORS

The following summaries are provided as additional detail supplemental to the information under the section entitled "RISK FACTORS" in the forepart of this Official Statement. Such information should be considered by prospective investors in evaluating the Authority Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Authority Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For additional information, see the section entitled "RISK FACTORS" in the forepart of this Official Statement.

Tax Revenues

Tax Revenues, which secure the Covina Refunding Bonds, are determined by the incremental assessed value of taxable property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed, and the percentage of taxes collected in the Project Areas. Several types of events which are beyond the control of the Covina Successor could occur and cause a reduction in available Gross Tax Increment Revenues and, accordingly, Tax Revenues. A reduction of taxable values of property in the Project Areas or a reduction of the rate of increase in taxable values of property in the Project Areas caused by economic or other factors beyond the Covina Successor's control (such as successful appeals by property owners for a reduction in a property's assessed value, a reduction in the rate of transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquakes) could occur, thereby causing a reduction in Tax Revenues. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Areas and in relation to the concentration of property in such Project Areas in terms of size or land use (see "THE PROJECT AREAS — General" in this Appendix A). Any reduction in Tax Revenues from the Project Areas could have an adverse effect on the Covina Successor's ability to meet its obligations under the Covina Indenture and the Covina Successor's ability to pay the principal of and interest on the Covina Refunding Bonds.

As mentioned in the Fiscal Consultant's Report, many issues involved in the dissolution of redevelopment agencies have yet to be resolved including the continuation of plan limits, override revenues and the treatment of ERAF. Additionally approximately 100 lawsuits have been filed on various aspects of AB x1 26 and AB 1484 which could impact the dissolution of redevelopment agencies. The projections in this Appendix A could be impacted as a result of future court decisions.

Projected Tax Revenues

The Fiscal Consultant has based its projections on certain assumptions with regard to the Project Areas, growth in assessed values and Tax Revenue growth. These projections assume that assessed values will increase for inflation at 2% for fiscal year 2015-16 and annually thereafter. These projections also assume that values for fiscal year 2014-15 and thereafter are increased by $14.6 million for transfers of ownership and decreased by $43.6 million for projected value loss due to pending assessment appeals. A 2% growth rate is the maximum inflationary growth rate permitted by law. In the last ten fiscal years, the years in which less than 2% growth was realized included fiscal years 2004-05, 2010-11, 2011-12 and 2014-15. There can be no assurance that assessed values will increase as projected, if at all. See "THE PROJECT AREA" in this Appendix A for a discussion of these assumptions.

Any reduction in assessed values in the Project Areas, reduction in tax rates or reduction in taxes collected would reduce the Tax Revenues available to pay debt service on the Covina Refunding Bonds. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement. See also "THE PROJECT AREAS" in this Appendix A for a summary of historical assessed valuation of property in the Project Areas, current assessment appeals and historical delinquencies and recent transactions involving the top five property owners that could affect assessed values in the Project Area.

Redevelopment Plan Limits

There is a question on the applicability of tax increment limits as to time and amounts established under redevelopment plans after the adoption of AB x1 26 and AB 1484. The matter remains subject to further guidance from the DOF, legislation and interpretation by the courts. If the Project Areas cumulative tax increment limit is deemed to no longer be applicable, no interruption of tax increment revenue will occur. For purposes of the projections in this Appendix A in that portion of the Fiscal Consultant's Report with respect to the Covina Successor appearing in Appendix B, it is assumed that all redevelopment plan limits will be enforced.

Parity and Subordinate Debt

While the Covina Successor has covenanted not to issue any additional obligations with a lien on former tax increment revenues senior to the lien of the Covina Refunding Bonds, the Covina Indenture permits the issuance by the Covina Successor of certain refunding indebtedness which may have a lien upon the Tax Revenues on parity with the lien of the Covina Refunding Bonds. Further, the Senior Bonds may be refunded on a basis senior to the Covina Refunding Bonds. See "SECURITY FOR THE REFUNDING BONDS — Parity Debt Limited to Refunding Bonds" for a description of the conditions precedent to issuance of such additional obligations. The Covina Indenture does not limit the issuance of tax allocation bonds or other indebtedness secured by a pledge of tax increment revenues subordinate to the pledge of Tax Revenues securing the Covina Refunding Bonds.

Concentration of Ownership

The ten largest property taxpayers in the Project Areas, based upon the fiscal year 2014-15 locally assessed tax roll reported by the County Assessor, owned approximately 24.80% of the total Project Areas value and approximately 26.86% of the total incremental assessed value within the Project Areas. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Areas, a substantial decline in Tax Revenues could result. See "THE PROJECT AREAS — Ten Largest Taxpayers" in this Appendix A for more information (including recent transactions) about these ten largest property taxpayers and see "THE PROJECT AREAS — Assessment Appeals" for information as to pending appeals of tax assessments.

Natural Disasters; Seismic Hazards

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Areas, or impair the ability of landowners within the Project Areas to develop their properties or to pay property taxes.

The City, like most regions in the State of California, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. Regionally, the City is influenced by earthquake activity in Southern California, which is part of the North Pacific tectonic plate. The San Andreas Fault system forms the interface boundary between the North Pacific and North American (tectonic) Plates. The full length of this fault system extends from about 800 miles north of San Francisco, south to the Gulf of California. Movement of these tectonic plates results in earthquake activity in Southern California.

According to the Safety Element of the City's General Plan, several active and potentially active faults are located in and near the City, including the Indian Hill, Walnut Creek, Sierra Madre, Duarte and Lower Duarte Faults. The potential for future activity from these faults in the surrounding region is apparent from this history of seismic activity in recent years and over geologic time. Other faults not yet detected could induce damage, although the extent of ground rupture from their potential movement is unlikely to exceed rupture from movement of those major faults already identified.

The occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Areas, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Covina Refunding Bonds.

The property within the Project Areas may also be at risk from other events of force majeure, such as damaging storms, floods, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. The Successor Agency cannot predict what force majeure events may occur in the future.

Subordinate Lien Risks

The Covina Refunding Bonds are payable from Tax Revenues on a basis junior and subordinate to the Series 2004B Bonds and the Series 2013A Bonds. In the event of default or insufficiency of Tax Revenues that affects payment under the Series 2004B Bonds or the Series 2013A Bonds, the municipal bond insurers and/or owners of such bonds will have the right to direct rights and remedies including acceleration of the principal amount of such bonds, which would adversely affect the availability of Tax Revenues to the Covina Refunding Bonds.

APPENDIX B

FISCAL CONSULTANT'S REPORT

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COUNTY OF LOS ANGELES REDEVELOPMENT BOND REFUNDING PROGRAM

PARTICIPATING AGENCY:

SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY

PROJECTED TAXABLE VALUES AND ANTICIPATED TAX INCREMENT REVENUES

December 1, 2014

I. Introduction

On June 28, 2011, the California Legislature and Governor enacted Assembly Bill x1 26 (AB x1 26), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court, but was upheld by the Court on December 29, 2012. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing ABx1 26. AB1484 included provisions related to the refunding of outstanding obligations of former redevelopment agencies.

The County of Los Angeles (the "County") has developed a program (the "Refunding Program") to assist successor agencies to former community redevelopment agencies within the County to refund tax allocation bonds pursuant to Assembly Bill 1484 (Stats 2012 c. 26) (AB 1484) in order to provide debt service savings to such successor agencies, efficiencies in such refunding issuances and cost of issuance savings and to increase property tax revenues available for distribution to affected taxing entities, including the County. The County has formed the County of Los Angeles Redevelopment Refunding Authority (the "Authority") pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (the "JPA Law") in order to implement the Refunding Program. Among the powers to be exercised and provided to the Authority by the JPA Law will include the power to issue its bonds for the purpose of purchasing tax allocation obligations issued by said successor agencies as described in Section 34173 of the California Health and Safety Code. Such tax allocation obligations will be secured by a pledge of and lien on, and shall be repaid from certain moneys to be deposited from time to time in the Redevelopment Property Tax Trust Funds (RPTTF) established pursuant to subdivision (c) of Section 34172 of the California Health and Safety Code for each of the participating successor agencies.

The intent of the refunding will be to lower the cost of repayment of the refunded bonds in accordance with Section 34177.5 of the California Health and Safety Code. In accordance with Section 34177.5(g) of the California Health and Safety Code, the successor agency bonds shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 28, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the "Law") that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule (ROPS), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the RPTTF.

The following successor agency (the "Agency Participant") has opted to join the Refunding Program and issue tax allocation refunding bonds to reduce debt service costs within their respective projects area(s) listed below:

Successor Agency (SA)	Project Area(s)
SA to the Covina Redevelopment Agency	Covina Revitalization - Redevelopment Project No. One Covina Revitalization – Redevelopment Project No. Two

The Law, together with Article 16, Section 16 of the California Constitution, authorized former redevelopment agencies, now successor agencies, to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value.

Tax revenues generated from the incremental taxable value in a redevelopment project area are generally referred to as tax increment revenues". The Law provided that the tax increment revenues could be pledged by a redevelopment agency to the repayment of agency indebtedness. In this fiscal consultant report (the "Report"), tax increment revenues and Unitary Tax Revenues are, together, referred to as Gross Tax Revenues. Gross Tax Revenues less the amounts of tax increment revenue above any applicable, maximum annual tax increment limits; the County Property Tax Collection Reimbursement (SB 2557 Administrative Fee); amounts deemed in prior bond indentures to be senior to debt service; and, any tax sharing obligations that have a superior lien on tax increment revenues to payment of debt service on bonded indebtedness are referred to as Tax Revenues.

Allocation of tax increment revenue has been significantly altered by the passage of ABx1 26 and AB 1484. The legislations have been designed to dissolve redevelopment agencies formed pursuant to the Law while assuring that the enforceable obligations incurred by the former redevelopment agencies are repaid (see Section V Legislation). While tax increment revenues were previously allocated by the County Auditor-Controller over the period from November to August of each fiscal year, beginning with fiscal year 2012-13 revenues will only be allocated on January 2 and June 1 of each year.

The purpose of this Report is to examine property tax information for the current fiscal year and to project the amount of pledged tax increment revenues anticipated to be received by each of the Agency Participants for the current fiscal year and nine subsequent fiscal years. Provisions of the Law and the redevelopment plan for the Project Areas determine the amount of Tax Revenue that the each Agency Participant may utilize for purposes of making debt service payments and any payments on other obligations with a superior lien on Tax Revenues.

Detailed information on the Agency Participant's revenues is contained in an appendix to this report. The taxable values of property and the resulting Tax Revenues for the Project Areas are reflected on Tables 1 and 2 of the projections. These projections are based on assumptions determined by our review of the taxable value history of the Project Areas and the property tax assessment and property tax apportionment procedures of the County Auditor-Controller. The projections illustrate the entire amount of Tax Revenues projected as being available from the

Project Areas. Future year assessed values and Tax Revenues are projections based on the assumptions described in this Report and are not guaranteed as to accuracy and are not to be construed as a representation of such by HdL Coren & Cone.

II. Project Area Assessed Values

Taxable values for all parcels are prepared by the County Assessor and reported by the County Auditor-Controller each fiscal year. These values represent the aggregation of all locally assessed properties that are part of the project area. The assessments are assigned to Tax Rate Areas (TRA) that are collectively coterminous with the boundaries of the project area. The historic reported taxable values for the project areas were reviewed in order to ascertain the rate of taxable property valuation growth over the ten most recent fiscal years beginning with 2003-04.

Assessed values include those values enrolled by the County Assessor as secured, unsecured and non-unitary secured utility values. All real property (land, improvements and fixtures) in California is subject to Article XIII (A), placed in the Constitution, resulting from the passage of Proposition 13 with the election of June 6, 1978. This law is still commonly referred to as "Proposition 13." The purpose of Article XIII(A) is to stringently control the growth of real property taxes. It does so by the dual approach of restricting the tax rate to no more than one percent (with limited exceptions) of fair market value and prohibiting reappraisal of property except upon new construction or change of ownership. Newly constructed property is appraised at its market value upon the date of completion. Property values established upon change of ownership or completion of new construction are known as "base year values." The base year values referred to here should not be confused with the base year values that are described in the Law relative to computing incremental value within redevelopment project areas.

Section 33670(a) of the Law, establishes the base year value for a redevelopment project area as the assessed value on the tax roll last equalized prior to the adoption of the redevelopment project area. Section 33670(b) defines tax increment revenue as those revenues derived from growth in project area assessed value above the base year value.

III. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. As discussed above, Proposition 13 provides that a parcel's base year value is revised only when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the value is factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Project Areas. Pursuant to Article XIIIA, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13 inflation has exceeded 2% and the announced factor has usually reflected the 2% cap. Through 2010-11 there were six occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The California Consumer Price Index (CCPI) changes between October of one year and October of the next year are used to calculate the adjustment factor for the January assessment date. The table below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the estimated adjustment factor for the next fiscal year.

Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2003-04	2.000%
2004-05	1.867%
2005-06	2.000%
2006-07	2.000%
2007-08	2.000%
2008-09	2.000%
2009-10	2.000%
2010-11	-0.237%
2011-12	0.753%
2012-13	2.000%
2013-14	2.000%
2014-15	0.454%

The data since October last year that will be used for the adjustment applicable to the coming January 1 lien data indicates that inflation will be less than the full 2% allowed by Proposition 13. Based on inflation data from October 2012 through October, 2013, the State Board of Equalization determined that the inflation adjustment factor for fiscal year 2014-15 will be 0.454%. For purposes of this projection, this factor has been applied to the projections of value for 2014-15 and we have assumed that the annual inflation adjustment will be 2% each in each subsequent fiscal year.

B. Supplemental Assessment Revenues

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have **not** included revenues resulting from Supplemental Assessments in the projections.

C. Tax Rates

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

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time.

Section 34183(a)(1) of the Law as amended by ABx1 26 requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This was initially interpreted by the County to include all revenues resulting from all override tax rates that were previously being allocated to redevelopment agencies. As a result, the tax increment revenues were derived only from the general levy tax rate. Prior to the RPTTF allocation in June 2013, the County Auditor-Controller revised this interpretation of the statute. Under the revised interpretation, revenues derived from over-ride tax rates levied for pension related obligations have been determined to **not** be for 'annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvements of real property.' As a result, tax increment revenues derived from over-ride tax rates levied for pension related obligations **are included** in the revenues distributed from the RPTTF.

In Los Angeles County, there are thirteen cities that levy over-ride tax rates in order to fund pension fund obligations. None of the Participant Agencies are levying such over-ride tax rates. As a result, all projections of tax increment revenue use only the 1% general levy tax rate for the projection of tax increment revenue.

D. Allocation of Property Taxes

Property taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Prior to February 1, 2012, the County disbursed tax increment revenue to all redevelopment agencies from November through August with approximately 35% of secured revenues apportioned by the end of December and a total of 75% of the secured revenues by the end of the following April. Unsecured revenues are disbursed in November, March and August of each fiscal year. The November payment consisted of an 80% advance on the total unsecured levy. This allocation schedule was used by Los Angeles County for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue allocation.

As of February 1, 2012, the allocation of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Revenue to Successor Agencies is now made on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the former redevelopment agency.

Prior to receiving revenues on January 2 and June 1, the Successor Agency must adopt a Recognized Obligation Payment Schedule (ROPS) that lists the debt obligations of the former redevelopment agency that must be paid during the upcoming six month periods of January 1 through June 30 and July 1 through December 31. There is provision in the legislation for a Successor Agency to request additional amounts in one ROPS payment to allow it to make payments that may be beyond the revenues available in the upcoming allocation cycle. The ROPS must be submitted at least 90 days prior to each RPTTF allocation date and approved by an Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. The ROPS must also receive approval from the State Department of Finance (the "DOF"). Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by ABx1 26

at the greater of $250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

If there are RPTTF amounts remaining after reductions for county administrative charges, pass through obligations, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and residual revenue payments to tax entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as a result of its tax sharing agreement, that taxing entity's share of the residual revenue distribution may be reduced and the portions of residual revenue allocated to the other taxing entities will be proportionately increased.

The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

E. Annual Tax Receipts to Tax Levy

The County apportions tax revenues to the former redevelopment agencies based upon the amount of the tax levy that is received from the taxpayers. A table reflecting the percentage of tax revenue collections for each successor agency will be provided within the appendices.

F. Assessment Appeals

Assessment appeals or reductions in value granted by the County Assessor under Section 51 of the Revenue and Taxation Code that was adopted by and is also known as "Prop 8," require that, for each subsequent lien date, the value of real property shall be adjusted to be the lesser of its base year value as adjusted by the inflation factor pursuant to Proposition 13 of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions took place in the during the mid-1990's due to declining real estate values and even deeper reductions occurred as a result of the recent economic recession and reductions in residential real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under Prop 8, the property is reviewed on an annual basis to determine the full cash value of the property and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be consistent with the full cash value of the property and, as a result, may exceed the maximum annual inflationary growth rate allowed on other properties under Proposition 13 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 Proposition 13. (See Section III A).

Assessment appeals may also be requested as adjustments to a property's base year value. If such an appeal is granted with a change in value, the base year value of the property is adjusted accordingly and that value is subsequently adjusted for new construction, demolition and any other changes requiring revaluation of the parcel's land, improvement and personal property values and by the annual inflationary factor growth rate allowed under Proposition 13. Analysis and discussion of assessment appeals within the successor agencies will be provided in each appendix.

G. County Property Tax Collection Reimbursement

Chapter 466, adopted by Senate Bill 2557, allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. The amounts that are reimbursed are the costs connected with the collection and distribution of property taxes for the County Treasurer and Tax Collector, the County Auditor Controller and the County Assessor. The portions of the reimbursement amount that are allocated to each taxing entity within the County are based on the percentage of the total assessed value in the County that each taxing entity's assessed value represents. The property tax collection reimbursement charge for 2013-14 equate to 1.43% of the maximum annual Gross Tax Revenues for each Agency Participant Project Areas. For purposes of the projections, we have deducted that actual SB 2557 property tax collection charges from projected 2013-14 revenues and have assumed that these charges for all future years will be 1.43% of the projected Gross Tax Revenues.

In addition to the amounts charged by the County for administration of property taxes under Senate Bill 2557, pursuant to ABx1 26, the County may charge an administrative fee for administration of the RPTTF. These amounts vary based on the County's efforts. These amounts have not been included in the projections.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization (SBE), other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89 fiscal year, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenues above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

The amount of unitary revenues allocated to each successor agency will continue in accordance with the allocation practices of the County prior to dissolution.

IV. Low and Moderate Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of ABx1 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the former project area.

V. Legislation

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. The Former Agency could have used any funds legally available and not legally obligated for other uses, including agency reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the "Housing Fund") to satisfy this obligation. From 1995-96 to 2001-02, state budgets were adopted with no additional shifting of tax increment revenues from redevelopment agencies, however, the 2002-03 State Budget required a shift of $75 million of tax increment revenues statewide from redevelopment agencies to ERAF to meet the state budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the 2002-03 budget the shift requirement for the former redevelopment agencies to make payments into the ERAF for fiscal year 2002-03 only.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute $135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to Fiscal Year 2003-04 only. Under the Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years were to be deducted from the amounts applied to the project area cumulative tax increment revenues.

After the State's budget for 2004-05 was approved by the legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State were required to pay a total of $250 million to ERAF for fiscal year 2004-05 and for 2005-06. The payments were due on May 10 of each fiscal year. As in previous years, payments were permitted to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50% of the current year Housing Tax Increment Revenues, however, the borrowed amount was required to be repaid to the Housing

Fund within 10 years of the last ERAF payment (May 10, 2006). Under SB 1096, redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, could be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city council could find that the former redevelopment agency was in compliance with specified state housing requirements. These requirements are: 1) that the agency is setting aside 20% of gross tax increment revenues; 2) that housing implementation plans are in place; 3) that replacement housing and inclusionary housing requirements are being met; and, 4) that no excess surplus exists.

In July, 2009, the Legislature adopted AB 26 4x. This bill is implementing legislation to a package of 30 bills that were adopted in order to close the State's budget deficit. Under this legislation the former redevelopment agencies statewide were required to pay $1.7 billion in fiscal year 2009-10 and will be required to pay another $350 million in 2010-11 into their county's "Supplemental" ERAF (the "SERAF"). Funds deposited in the SERAF will be distributed in such a way as to try to avoid the issues that were named by the Sacramento Superior Court in its ruling on AB 1389's ERAF payment requirement. Based on a State Controller formula, the former redevelopment agencies were required to pay the required amounts by May, 2010 and May, 2011.

Under this legislation, the former redevelopment agencies could use any available funds to make the SERAF payments. Any Housing Tax Increment Revenues amount used to make the SERAF payment must be repaid to the Housing Fund by June 30, 2015 and June 30, 2016. On November 12, 2009, the Governor signed SB 68 (Steinberg) into law which modified AB 26 4x by allowing former redevelopment agencies to use the accumulated balances in their housing fund (and not just current year Housing Tax Increment Revenues) to make their SERAF payments, should that become necessary. Funds used from the Housing Fund existing balance to make the 2009-10 payment to County SERAF would be considered a loan to be repaid within five years. Using funds from accumulated Housing Fund was not allowed for making payments due for 2010-11. The legislation requires that the funds be deposited into a County SERAF and distributed to K-12 school districts located in the project area in proportion to the average daily attendance of the district. The funds distributed to schools from the SERAF were to be used to serve pupils living in the project area or in housing supported by redevelopment funds. Under the requirements of Section 34191.4, redevelopment agencies that borrowed from the Housing Fund to make the required payments for 2010 and for 2011 may only repay these amounts from an amount that is 50% of the increase in annual residual revenues that are above the residual revenue for fiscal year 2012-13.

Assembly Bill x1 26 and Assembly Bill x1 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. AB 1x 26 would first dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of their effective date. AB 1x 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June, 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2012, the Supreme Court ruled that ABx1 27 was unconstitutional and that

ABx1 26 was not unconstitutional. On June 27, 2012 the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of ABx1 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have achieved recognition as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the semiannual adoption of ROPS by an oversight board made up of representatives of taxing entities within the former redevelopment agency. Membership of the oversight board is dictated by Section 34179 of the Law. After 2016, there will be a single oversight board in each county that will be responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that must be paid by the successor agency on the former agency's debts during the six month periods following payments from the RPTTF by the County Auditor-Controller on January 2 and June1 of each year.

In the County, the revenue available in the RPTTF for the January 2 payment consists of collections from May, June, July and August of the prior fiscal year and collections for November and December of the current fiscal year. Collections in May, June, July and August are typically 18% to 22% of the total tax increment allocation for the full fiscal year. The collections for November and December typically consist of 90% of the fiscal year's unsecured revenue and 35% of the secured revenue for the fiscal year as estimated from the secured incremental assessed value. In addition, November and December collections commonly include revenue amounts for redemptions and supplemental assessments and revenue reductions due to taxpayer refunds. The revenues available in the RPTTF for the June 1 payments in the County would normally include about 38% to 40% of the total tax increment revenue for the fiscal year. RPTTF revenues are allocated by the County Auditor-Controller as described in Section III D.

Pursuant to Section 34187(b) of the Law, once the debts of the former redevelopment agency have been paid, the successor agency has one year to dispose of any remaining assets and terminate its existence. The enforceability of time and tax increment limits contained in the redevelopment plans is unclear. The covenants in many bond offerings require the adjustments to the deposit of tax increment revenues with the Trustee if the receipt of tax increment approaches the tax increment or time limits within the redevelopment plan. The County Auditor-Controller has indicated that it intends to abide by tax increment and time limits contained in the redevelopment plans. DOF has informally indicated that it believes the legislation intends for all enforceable obligations to be repaid notwithstanding redevelopment plan limits. If DOF's understanding of the legislation is applied, the ongoing repayment of enforceable obligations may be allowed to continue beyond the time that a project area's cumulative tax increment limit is reached.

As mentioned above in several instances, issues involved in the dissolution of redevelopment agencies have yet to be resolved including the continuation of plan limits, override revenues and the treatment of ERAF. Additionally, well over 100 suits have been filed on various aspects of ABx1 26 and AB 1484 which could impact the dissolution of redevelopment agencies including one filed by the Successor Agency. Our projections could be impacted as a result of future court decisions.

VI. Tax Sharing Agreements and Other Obligations

The former redevelopment agencies frequently entered into tax sharing agreements with affected taxing entities in connection with project areas adopted prior to January 1, 1994. These agreements were authorized under Section 33401 of the Law and varied greatly from project area to project area. The impact of these agreements on the amount of Tax Revenue available for payment of debt service on the Bonds will be detailed within the Appendices.

Another form of tax sharing was authorized within Sections 33607.5 and 33607.7 of the Law after the adoption of AB 1290. These payments were dictated by statute and are based upon a three tiered pass through structure. Project areas adopted after January 1, 1994 and, therefore, subject to the Law as it was amended by passage of AB 1290 are required to pay a prescribed portion of the tax increment revenue pursuant to Section 33607.5 that must be shared with all taxing entities within the project area.

Section 33607.5(e) of the Law specifies a procedure whereby the former agency may request subordination of the statutory tax sharing payments to payment of debt service on the Bonds by all of the Project Area's taxing entities. As part of this request, the agency must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the Bonds as well as making the required statutory tax sharing payments. The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the financial estimates are incorrect and that the tax revenues will not be adequate to make debt service and the tax sharing payments.

Within project areas adopted prior to January 1, 1994 and that have had certain redevelopment plan limits amended, a similar form of statutory tax sharing is prescribed. Section 33607.7 of the Law requires that payment be made to any taxing entity that has not previously entered into a tax sharing agreement with the former redevelopment agency. These payments are to begin in the fiscal year following the adoption of the applicable redevelopment plan amendment or in the fiscal year following the expiration of the original redevelopment plan limit that was amended, whichever is later.

The defined tax-sharing amount mentioned above has three tiers. The first tier begins with the first year that the project area receives tax increment revenue and continues for the life of the project area. The first tier of statutory tax sharing payments uses the project area assessed value for fiscal year within which the original redevelopment plan limit expired as an adjusted base year value. The annual tax sharing amount to be divided among the affected taxing entities that have not previously entered into tax sharing agreements, including the sponsoring city, is 25% of the revenue derived from the difference in assessed value between the adjusted base year value and the current year value net of 20% for the Housing Set-Aside requirement. According to the Law, these statutory tax sharing payments will continue through the date when the project area's ability to repay indebtedness expires. The sponsoring city may elect to receive its share of the Tier 1 payments.

The second tier begins in the eleventh year after the first tax increment revenue is received. The second tier of statutory tax sharing payments required by Section 33607.7 is required beginning

in the eleventh year after the Tier 1 payments are initiated and use the project area's assessed values for the tenth year as a second adjusted base year value. The annual tax sharing amount to be divided among the affected taxing entities is 21% of the revenue derived from the difference in assessed value between the adjusted base year value and the current year value net of 20% for the Housing Set-Aside requirement. The sponsoring city may not receive any share of the Tier 2 payment amounts. These statutory tax sharing payments will continue through the date when the project area's ability to repay indebtedness expires. The third tier of statutory tax sharing payments required by Section 33607.7 will not be initiated prior to the expiration of the redevelopment plan's effectiveness or its ability to repay indebtedness.

The third tier of tax sharing payments begins in the 31st year after the project area first receives tax increment revenue. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Revenues that is derived from the growth in assessed value that is in excess of the assessed value of the project area in the 30th year. The three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the project area.

In March 2007 the Los Angeles Unified School District (LAUSD) filed a lawsuit challenging the method by which statutory tax sharing payments are divided among taxing entities. The Los Angeles Community College District filed a similar lawsuit arguing the same issues. The suits alleged that these payments should include amounts to be directed to ERAF accounts. The addition of shares to be directed to ERAF would increase pass through revenues that would be available to local educational agencies. Since inclusion of ERAF as a beneficiary of tax sharing payments would necessitate a reduction in the amounts paid to all taxing entities other than educational and fire-fighting agencies, funding the ERAF shares would decrease the tax sharing amounts paid to the other taxing entities. This action would not increase the statutory tax sharing amounts that must be paid pursuant to Sections 33607.5 and 33607.7. It is unclear at this time how the decision will affect the allocation of the tax sharing amounts amongst the taxing entities but the projected tax sharing amounts will not be affected.

VII. Transfers of Ownership

Value will be added to project area projected values for fiscal year 2014-15 as the result of any transfers of ownership that occurred after the January 1, 2013 lien date for the 2013-14 tax roll. In addition, value will be added to project area projected values for fiscal year 2015-16 as the result of any transfers of ownership that occurred after the January 1, 2014 lien date for the 2015-16 tax roll. These adjustments of value may be positive or negative.

IX. Trended Taxable Value Growth

In accordance with Proposition 13 of the State Constitution, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year or reduction as shown in the consumer price index. A 2% growth rate is the maximum

inflationary growth rate permitted by law and through 2013-14 this rate of growth has been realized in all but seven years since 1981. The years in which less than two percent growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), and 2011-12 (0.753%). The State Board of Equalization announced in December, 2013 that the inflation adjustment for 2014-15 would be 0.454%. Based on this announcement, we have applied this inflationary growth factor to the projected assessed values for 2014-15. We have assumed a resumption of 2% annual inflationary growth in all subsequent fiscal years. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Tax Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

APPENDIX A

LOS ANGELES COUNTY TREASURER-TAX COLLECTOR
TAX ALLOCATION BOND REFUNDING PROGRAM

SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY

COVINA REVITALIZATION - REDEVELOPMENT PROJECT NO. ONE
AND
COVINA REVITALIZATION - REDEVELOPMENT PROJECT NO. TWO

The purpose of this fiscal consultant report (the "Report") is to examine property tax information for the current fiscal year and to project the amount of tax increment revenues anticipated to be received by the Successor Agency to the Covina Redevelopment Agency (the "Covina Successor") from Covina Revitalization–Redevelopment Project No. One (the "Covina Project One Area") and Covina Revitalization–Redevelopment Project No. Two (the "Covina Project Two Area) for the current fiscal year and nine subsequent fiscal years. The Covina Project One Area and the Covina Project Two Project Areas taken together will be herein referred to as the "Project Areas." Provisions of the Health and Safety Code of the State of California (the "Law") and the Redevelopment Plans for the Project Areas determine the amount of Tax Revenue that the Covina Successor may utilize for purposes of making debt service payments and any payments on other obligations with a superior lien on Tax Revenues. As a result of our research, we project that the Tax Revenues for the Project Areas will be as shown below:

Table A
Covina Revitalization - Redevelopment Project Areas
Projected Tax Revenues
(000's Omitted)

Fiscal Year	Gross Tax Revenues	County Admin. Charges/Fees	Non-Statutory Tax Sharing	Combined Statutory Tax Sharing	Tax Revenue
2014-15	**$ 9,445**	($167)	($ 956)	($529)	**$7,793**
2015-16	**9,339**	(166)	(991)	(488)	**7,695**
2016-17	**9,530**	(168)	(1,014)	(526)	**7,822**
2017-18	**9,725**	(171)	(1,038)	(584)	**7,932**
2018-19	**9,923**	(174)	(1,062)	(647)	**8,041**
2019-20	**10,126**	(177)	(1,086)	(711)	**8,152**
2020-21	**10,333**	(180)	(1,111)	(776)	**8,265**
2021-22	**10,544**	(183)	(1,137)	(843)	**8,380**
2022-23	**10,759**	(186)	(1,163)	(911)	**8,498**
2023-24	**4,903**	(98)	(538)	(454)	**3,813**

The taxable values of property and the resulting Tax Revenues for the Project Areas summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Areas and the property tax assessment and property tax apportionment procedures of the Los Angeles County Auditor-Controller. The projection illustrates the entire amount of Tax Revenues projected as being available from the Project Area. Future year assessed values and Tax Revenues are projections based on the assumptions described in this Report and are not guaranteed as to accuracy and are not to be construed as a representation of such by HdL Coren & Cone.

REDEVELOPMENT PLAN ADOPTION AND AMENDMENTS

On July 15, 1974 the City Council adopted Ordinance No. 1268 that established the Redevelopment Plan for the Covina Revitalization-Redevelopment Project No. One. The Project Area is comprised of approximately 500 acres made up of 10 non-contiguous areas within the City that are characterized, at the time of Plan adoption, by vacant or underutilized parcels, deteriorated building structures, insufficient street improvements, inadequate utilities and other physical conditions that impeded private investment in the area. The 10 areas are designated as subareas 1.1, 1.2, 1.3, 1.4a, 1.4b, 1.5, 1.6a, 1.7a and 1.7b and include portions of the downtown area located along Citrus Avenue as well as property outside the downtown area. Most of the areas are utilized for commercial uses and, to a lesser extent, for industrial, residential, recreational uses and public improvements.

On September 19, 1983 the City Council adopted Ordinance No. 1546 that established the redevelopment plan for the Covina Project Two Area. The Project Two Area was amended by adoption of Ordinance No. 87-1640 on July 13, 1987 to add territory. The combined original portion of Project Two and the amendment area totals approximately 99 acres.

REDEVELOPMENT PLAN LIMITS

Chapter 942, Statutes of 1993, limits the life of existing redevelopment plans to 40 years from the date of adoption or January 1, 2009, whichever is later and limits the period within which a redevelopment project area may receive tax increment to the life of the redevelopment plan plus ten years beyond the termination of redevelopment activities.

In accordance with the Law, a redevelopment plan adopted prior to January 1, 1994 is required to include a limitation on the number of tax increment dollars that may be allocated to the redevelopment agency; a time limit on the establishing of indebtedness to be repaid with tax increment; and a limit on the amount of bonded indebtedness to be repaid with tax increment that can be outstanding at one time. These limits can be extended only by an amendment of the redevelopment plan. Chapter 942 limits for redevelopment plans adopted prior to 1994 stipulate that the time limit for establishing indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever is later. Chapter 942 also limits the receipt of tax increment to ten years after the termination of redevelopment activities except for specific low and moderate-income housing obligations and any bond, indebtedness or other obligation authorized prior to January 1, 1994.

The City Council adopted a series of ordinances making the time limits of the Covina Project One and Covina Project Two Areas conform to the provisions of Chapter 942.

In 2001 the Legislature enacted SB 211 (Chapter 741, Statutes of 2001) allowing redevelopment agencies to eliminate the time for incurring indebtedness required by Chapter 942 for redevelopment plans adopted prior to 1994 (see Section VI below). The limit may be eliminated by a ordinance of the Agency's legislative body and without going through a formal redevelopment plan amendment. Redevelopment agencies that eliminate the time limit for incurring indebtedness are subject to the statutory tax sharing of Chapter 942 (See Section VII.B. Statutory Tax Sharing below). The Agency has adopted Ordinance No 03-1891 on February 4, 2003 to eliminate the deadline to incur debt under

SB211 for the Covina Project One Area and they adopted Ordinance No. 08-1952 on May 20, 2008 to eliminate the deadline to incur debt under SB211 for the Covina Project Two Area.

In 2003, the Legislature enacted Senate Bill 1045 requiring every redevelopment agency to contribute additional funds to the Educational Revenue Augmentation Fund (the ERAF) for fiscal year 2003-04 pursuant to the Law. The legislation permitted the amending of the redevelopment plan to extend certain redevelopment time limits by one year without complying with the procedural requirements for amending redevelopment plans as set forth in Section 33450 of the Law in return for the payment of the required amounts by the redevelopment agencies. In addition, the amounts paid into the ERAF would not be included within the revenue amounts counted against the Project Area tax increment limits. On September 6, 2005, the City Council adopted Ordinance No. 05-1923 that amended the redevelopment plan to extend by one year the time limit on expiration of the redevelopment plan and the time limit on receiving tax increment for repayment of indebtedness.

In 2004, the Legislature enacted Senate Bill 1096 requiring every redevelopment agency to contribute additional funds to the ERAF pursuant to the Law for fiscal years 2004-05 and 2005-06. The legislation permitted the amending of the redevelopment plan to extend certain redevelopment time limits by up to two years without complying with the procedural requirements for amending redevelopment plans as set forth in Section 33450 of the Law in return for the payment of the required amounts by the redevelopment agencies. The extensions of time limits were only allowed if the redevelopment plan expiration date for a project area was less than 10 years from the date of the required payments or less than 20 years from the date of the required payments if certain findings were made. In addition, the amounts paid into the ERAF would not be included within the revenue amounts counted against the Project Area tax increment limits. The expiration date of the redevelopment plan was less than 10 years from the date of both ERAF payments required by Senate Bill 1096. On November 26, 2006, the City Council adopted Ordinance No. 06-1934 that amended the redevelopment plan to extend the time limit on expiration of the redevelopment plan and the time limit on receiving tax increment for repayment of indebtedness for two years.

The currently applicable Redevelopment Plan limits for the Project Areas are summarized below:

Table B
Applicable Redevelopment Plan Limits

Component Area	Plan Expiration	Last Date to Incur Indebtedness	Last Date to Repay Debt with Tax Increment	Cumulative Tax Increment Limit	Limit on Outstanding Bonded Debt
Covina Project One	July 15, 2017	Eliminated	July 15, 2027	$220 million	None
Covina Project Two	Oct. 19, 2013[1]	Eliminated	Oct. 19, 2023	$48 million	$15 million
Project Two Added Area	Aug. 12, 2027	Eliminated	Aug. 12, 2037	$100 million	$25 million

[1] Ordinance No. 99-1842 extended the time limits on receipt of tax increment revenues and payment of debt to October 19, 2023 and October 19, 2033, for the Original Project Two Area and the Added Project Two Area, respectively; however, the City and Former Covina RDA did not obtain County approval before adopting this plan amendment as required by the Pass-Through Agreement for the Original Project Two Area. Accordingly, we have assumed that the plan limits set forth in the above table will apply.

According to the records of the Los Angeles County Auditor-Controller, through the end of fiscal year 2013-14, a cumulative total of $147,990,365 in tax increment revenue has been allocated to the Covina Project One Area. This amount is net of those ERAF contributions made by the former redevelopment agency that were allowed by law to be eliminated from consideration on the cumulative tax increment limit and, pursuant to the interpretation of the dissolution legislation by the County of Los Angeles, the cumulative total tax increment is net of amount paid to taxing entities as residual revenue. Based on the projected tax increment revenues to be received by the Agency, it is anticipated that the tax increment limits for the Project Area will be exceeded during fiscal year 2023-24. If growth in assessed values exceeds the growth rate estimated in the projection, the cumulative tax increment limit may be reached prior to fiscal year 2023-24. Once the tax increment limit has been exceeded, the Project Area will not be eligible to receive any additional revenues beyond that amount.

According to the records of the Los Angeles County Auditor-Controller, through the end of fiscal year 2013-14, a cumulative total of $20,007,369 in tax increment revenue has been allocated to the original Covina Project Two Area and a cumulative total of $5,161,516 has been allocated to the Covina Project Two Added Area. These amounts are net of those ERAF contributions made by the former redevelopment agency that were allowed by law to be eliminated from consideration on the cumulative tax increment limit and, pursuant to the interpretation of the dissolution legislation by the County of Los Angeles, the cumulative total tax increment is net of amount paid to taxing entities as residual revenue. Based on the projected tax increment revenues to be received by the Agency, it is not anticipated that the tax increment limits for the original or added area of Covina Project Two Area will be exceeded prior to the expiration of the time limits for repaying debt. If growth in assessed values within the original portion of Project Two exceeds 21% annually, the cumulative tax increment limit may be reached prior to expiration of the time limit on repayment of debt. Within the added portion of Project Two, even annual growth of over 50% will not cause the cumulative tax revenue to reach the tax increment limit before expiration of the time limit on repayment of debt.

LAND USE

The table below represents the breakdown of land use in the Project Areas by the number of parcels and their taxable value for fiscal year 2014-15. This information is based on County land use designations as provided by Los Angeles County through tax roll data. It should be noted that the County land use designations do not necessarily parallel City land use and zoning designations. Unsecured, Cross Reference and SBE Non-Unitary values are connected with parcels that are already accounted for in other categories.

Table C
Covina Project Areas
Land Use Categories

Category	No. Parcels	Net Taxable Value	% of Total
Residential	919	$322,427,689	31.79%
Commercial	348	473,843,589	46.71%
Industrial	77	125,959,198	12.42%
Government Owned	1	78,033	0.01%
Institutional	3	3,635,895	0.36%
Miscellaneous	1	267,298	0.03%
Recreational	2	4,253,171	0.42%
Vacant	53	8,039,245	0.79%
Exempt	59	0	0.00%
Subtotal	1,463	$938,504,118	92.52%
Cross Reference		5,658,131	0.56%
Unsecured		70,208,821	6.92%
Subtotal		$75,866,952	7.48%
Total:		$1,014,371,070	**100.00%**

ASSESSED VALUES

Taxable values for all parcels are prepared by the County Assessor and reported to the Agency by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Project Areas. The assessments are assigned to Tax Rate Areas (TRAs) that are coterminous to the boundaries of each component project area. The historic reported taxable values for the component project areas were reviewed in order to ascertain the rate of taxable property valuation growth over the ten most recent fiscal years beginning with 2004-05. Detailed historical assessed values for the Project Area are shown on the attached tables.

Between 2005-06 and 2014-15, the taxable value within the Covina Project One Area increased by $183.2 million (31.32%). With the exception of fiscal years 2010-11 and 2012-13, the assessed value increased in each year during this period. From 2009-10 to 2010-11 assessed value in the Project Area decreased by $18.8 million (-2.51%). From 2011-12 to 2012-13 assessed value in the Project Area decreased by $34 million (-4.38%). Growth in assessed value for 2010-11, however, reflected an increase of $46.4 million (6.36%) over the prior year and growth in assessed value for 2013-14 reflected an increase of $18.5 million (2.49%) over the prior year. The taxable values within the Covina Project One Area for 2014-15 increased by $7.2 million (0.94%) over the taxable value for 2013-14. Over the ten-year period examined, secured values have increased by $176 million (33.5%) and unsecured values have increased by $6.2 million (11.0%). During the ten year period, growth was steady and with large annual increases from 2006-07 to 2008-09 and in 2011-08.

Between 2005-06 and 2014-15, the taxable value within the Covina Project Two Area increased by $116.8 million (96%). With the exception of fiscal years 2009-10 and 2010-11, the assessed value increased in each year during this period. From 2008-09 to 2009-10 assessed value in the Project Area decreased by $9.4 million (-4.76%). From 2009-10 to 2010-11 assessed value in the Project Area decreased by $4.7 million (-2.48%). Growth in assessed value for 2011-12, however, reflected a slight increase of $1.1 million (0.59%) over the prior year. Growth accelerated for 2012-13 through 2014-15,

gaining a total of $61.4 million (33.2%) over this three year period. Over the ten-year period examined, secured values have increased by $116.8 million (96%) and unsecured values have declined by -$688,757 (-9.0%).

ALLOCATION OF STATE ASSESSED UNITARY TAXES

Within the Covina Project One Area, the Auditor Controller allocated $72,372 in unitary tax revenue within that Project Area in 2013-14. Within the Covina Project Two Area, the Auditor Controller allocated $5,774 in unitary tax revenue within that Project Area in 2013-14. These revenue amounts tend to remain fairly constant but are subject to adjustments by the SBE for inflation growth, declines in value due to assessment appeals by utility companies and others taxed under this system and increases in value resulting from development of new facilities. Because we cannot reasonably project changes in this revenue stream, we have assumed that the unitary tax revenue will remain constant in future years.

TAX RATES USED IN THE PROJECTION OF TAX REVENUE

ABx1 26 was adopted in late June, 2011. Section 34183(a)(1) of that legislation requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This has been interpreted by Los Angeles County to include all revenues resulting from the override tax rates that are being levied by the Metropolitan Water District. All override tax rates authorized by voters prior to January 1, 1989 that are levied within the Project Areas are considered by the Auditor-Controller as being levied for purposes of paying principal and interest on bonded indebtedness for the acquisition or improvement of real property. Based on this interpretation, no revenues from any override tax rates are being deposited in the Redevelopment Property Tax Trust Fund for allocation to the Successor Agency.

As a result, the tax increment revenues used in this projection are derived only from the 1% general levy tax rate

TOP TEN TAXABLE PROPERTY OWNERS

A review of the top ten taxable property owners in the Project Area for fiscal year 2013-14 was conducted. Within the Project Area, the aggregate total taxable value for the ten largest taxpayers totaled $251.6 million. The top ten taxpayers totaled 24.80% of the Project Area's taxable assessed value. The largest taxpayer represents 4.87% of the Project Area's incremental value. The table below details the valuations of the top ten taxpayers.

Table D
Covina Project Areas
Top Ten Taxpayers

		Project Area Location	Assessed Value	% Total Value	% Incremental Value
	Project Area Total & Incremental Values			*$1,014,371,070*	*$936,659,085*
1	Vista Point Apartments (1)	Project Two	$ 45,599,058	4.50%	4.87%
2	KIR Covina LP (1)	Project One	47,499,907	4.68	5.07
3	FNL Covina Partners	Project One	30,247,010	2.98	3.23
4	Spirit SPE Covina (1)	Project One	24,800,000	2.44	2.65
5	Haemonetics Manufacturing	Project One	22,200,712	2.19	2.37
6	Walmart Real Estate Business Trust	Project One	19,153,551	1.89	2.04
7	UIMC Covina (1)	Project One	18,941,209	1.87	2.02
8	Crystal Waterfalls	Project One	16,773,204	1.65	1.79
9	Covina Marketplace (1)	Project One	13,666,272	1.35	1.46
10	Covina Properties (1)	Project One	12,686,294	1.25	1.35
	Total		$251,567,217	24.80%	26.86%

(1) Pending appeals.

ASSESSMENT APPEALS

Within the Project Areas, there have been 135 assessment appeals filed since 2010. Of the 135 appeals filed, 42 have been allowed with a reduction in value and 20 have been denied. There are 73 appeals currently pending within the Project Areas. The total value under appeal on the pending appeals is $309.7 million. Based on the historical averages, we expect that 49 of the currently pending appeals will be allowed and that these successful appeals will result in an assessed value reduction of $43,567,938. This reduction has been incorporated in the projection as a reduction to the 2015-16 assessed value. The top taxpayer and the five of the remaining nine largest taxpayers within the Project Areas have filed assessment appeals that are currently pending.

Our estimates are based upon the historical averages of successful appeals and amounts of value reductions. Actual appeals, reductions and refunds may vary from historical averages. Our estimated reductions in values are reflected on Tables 1 and 2 of the projections. The table below summarizes the potential losses that are incorporated into the projections.

Table E
Covina Project Areas
HISTORICAL ASSESSMENT APPEAL DATA FISCAL YEARS 2010-11 THROUGH 2014-15

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. of Appeals Pending	Estimated No. of Appeals Allowed	Est. Reduction on Pending Appeals Allowed (2015-16 AV Adjustment)
135	62	42	19.14%	73	49	$43,567,938

HISTORICAL COLLECTIONS

A review was made of the receivable and allocated tax revenues for the Project Areas for fiscal years 2008-09 through 2013-14. The collection rate for the Project Area has been comparable to the collection rates for other taxing entities within the County for each year. The table below shows the collection rates for the Project Areas during these fiscal years. Collection rates are a comparison of current year revenues to the adjusted tax roll assessed values at the end of each fiscal year. Prior year collections, including supplemental revenues, escaped assessment revenues from prior years and penalties are not considered. Collection rates have not been factored into the projections.

Table F
Covina Project Areas
Collections

Fiscal Year	Computed Levy (1)	Actual Based on Collections Rate (2)	Collections Percentage
2008-09	$8,738,106	$8,526,622	97.6%
2009-10	8,728,661	8,503,681	97.4%
2010-11	8,374,664	8,180,010	97.7%
2011-12	8,552,500	8,203,548	95.9%
2012-13	8,584,710	8,433,211	98.2%
2013-14	9,311,774	9,063,507	97.3%
		Average % Collections:	97.4%

(1) Computed Levy based on reported incremental value multiplied by the tax rate to compute gross tax increment. Computed Levy also includes Unitary Taxes, if any, as reported by the County Auditor-Controller.
(2) Source: County Auditor-Controller year-end tax ledger detail. Amounts represent the annual current year tax increment revenues allocable through FY 2013-14 and prior to dissolution of redevelopment agencies pursuant to AB 1x26. For purposes of identifying the collection of property taxes, amounts shown do not include deductions for administrative fees, tax refunds or pass through payments. Revenues are based on current year assessed values only and do not include supplemental taxes, prior year redemption payments, escaped assessments or mid-year adjustments made by the Assessor or Auditor-Controller.

PASS THROUGH AND OTHER OBLIGATIONS

A. Tax Sharing Agreements

Within the Covina Project One Area, the former redevelopment agency entered into no tax sharing, disposition and development, owner participation or other agreement that would have a lien on tax revenues.

Within the original portion of the Covina Project Two, the former redevelopment agency entered into a tax sharing agreement with the County of Los Angeles requiring a total of 52.8% of the general levy tax increment revenue net of 20% for the Housing Set-Aside Requirement to be paid to the County General Fund and the County Flood Control District. No other tax sharing agreements were entered into by the former redevelopment agency within the original portion of Covina Project Two.

With the adoption of the amendment to Covina Project Two and the establishment of the Added Area, the former redevelopment agency entered into an agreement with the County of Los Angeles providing for tax sharing payments to be made to the County General Fund and to the County Flood Control

District. The General Fund is to receive its share (51.79%) of inflation growth on the base year real property value as well as its share of general levy revenue that is above this inflationary growth payment with this additional payment being calculated on general levy revenue net of the 20% Housing Set-Aside Requirement. The Flood Control District is to receive its share (1.85%) of inflation growth on the base year real property value as well as its share of general levy revenue that is above this inflationary growth payment with this additional payment being calculated on general levy revenue net of the 20% Housing Set-Aside Requirement.

Because the Added Area was adopted during the time period (January1, 1985 to January 1, 1994) that the former Section 33676 of the Health and Safety Code was in effect, all taxing entities had the option at the time of plan adoption to make an election to receive their proportionate shares of general levy revenue derived from the inflationary growth on base year real property value as would be calculated per subdivision (f) of Section 110.1 of the Revenue and Taxation Code. No taxing entities made this election at the time the Added Area was adopted, however, a successful lawsuit by the Santa Ana Unified School District resulted in the Court of Appeals affirming a lower court ruling that due to an amendment to former Section 33676(a) that was adopted in 1984 and became effective on January 1, 1985, school, county offices of education and community college districts were to automatically receive the inflationary base year adjustment payments even if they failed to adopt the appropriate resolution prior to the adoption of a redevelopment plan. Because of this ruling, within the Added Area, the County Office of Education, the Mt. San Antonio Community College District and the Covina-Valley Unified School District receive their shares of general levy revenue on inflationary growth of the base year real property values as would be calculated per subdivision (f) of Section 110.1 of the Revenue and Taxation Code.

B. Statutory Tax Sharing

Pursuant to section 33607.7 of the Health and Safety Code, added by Assembly Bill (AB) 1290, any amendment that increases the amount of tax increment to be received by a Project or extends any of the measure's required time limits triggers payments to taxing entities with whom the agency does not have a tax sharing agreement. The AB 1290 payments, which are to begin the fiscal year following the year that the project's original plan limitations would have taken effect, are calculated using the increase in revenue less the amount of revenue generated by the project area in the year that the former limit would have been reached.

Covina Project One

With the adoption of the Ordinance No. 03-1891 the last date for Covina Project One to issue new debt was eliminated. The AB 1290 time limit on incurring debt for Project One was January 1, 2004. Commencing with the first year following the expiration of the existing time limits to incur debt (fiscal year 2004-05) and using the 2003-04 valuations as an adjusted base year value, the Agency shall pay to the affected taxing entities an amount that is 25 percent of all tax increment revenue derived from the incremental increase in assessed value above the adjusted base year value after deducting the 20 percent housing set-aside obligation. This first tier of tax sharing continues through the last date Project One may receive Tax Revenue for repayment of indebtedness. The City of Covina has exercised its option to elect to receive its share of the first tier of these statutory tax sharing amounts.

In addition, beginning in Fiscal Year 2014-15, using the values for Fiscal Year 2013-14 as an adjusted base year value, the Agency must pay to affected taxing entities, after deducting the 20% housing set-aside obligation, an amount that is 21% of the revenue derived from the increase in assessed value

above the new adjusted base year value (the "Second Tier Tax Sharing"). This Second Tier Tax Sharing will also continue through last date to repay debt with Tax Increment of Project One. The City may not elect to receive a share of the Second Tier Tax Sharing. A third tier of tax sharing payments will not be applicable because the Redevelopment Plan terminates prior to the date that this third tier of payments is incurred. Because the projections reflect a reduction in assessed value for 2015-16 as a result of expected value losses on pending appeals, there is no Tier 2 payment projected as being payable. Growth in assessed values is expected to cause resumption of the Tier 2 payments in 2016-17. If actual growth in value for 2015-16 is greater than projected, Tier 2 payments may be required.

Covina Project Two

With the adoption of the Ordinance No. 08-1952 the last date for the original portion of Covina Project Two to issue new debt was eliminated. The AB 1290 time limit on incurring debt for the original portion of Project Two was January 1, 2004. Commencing with the first year following the elimination of the existing time limits to incur debt (fiscal year 2008-09) and using the 2003-04 valuations as an adjusted base year value, the Agency shall pay to the affected taxing entities an amount that is 25 percent of all tax increment revenue derived from the incremental increase in assessed value above the adjusted base year value after deducting the 20 percent housing set-aside obligation. This first tier of tax sharing continues through the last date the original portion of Project Two may receive Tax Revenue for repayment of indebtedness. The City of Covina has exercised its option to elect to receive its share of the first tier of these statutory tax sharing amounts.

In addition, beginning in Fiscal Year 2018-19, using the values for Fiscal Year 2017-18 as an adjusted base year value, the Agency must pay to affected taxing entities, after deducting the 20% housing set-aside obligation, an amount that is 21% of the revenue derived from the increase in assessed value above the new adjusted base year value (the "Second Tier Tax Sharing"). This Second Tier Tax Sharing will also continue through last date to repay debt with Tax Increment of the original portion of Project Two. The City may not elect to receive a share of the Second Tier Tax Sharing. A third tier of tax sharing payments will not be applicable because the Redevelopment Plan terminates prior to the date that this third tier of payments is incurred.

The adoption of the Ordinance No. 08-1952 also eliminated the last date for the Added Area of Covina Project Two to issue new debt. The AB 1290 time limit on incurring debt for the Added Area of Project Two was August 12, 2007. Commencing with the first year following the elimination of the existing time limits to incur debt (fiscal year 2008-09) and using the 2007-08 valuations as an adjusted base year value, the Agency shall pay to the affected taxing entities an amount that is 25 percent of all tax increment revenue derived from the incremental increase in assessed value above the adjusted base year value after deducting the 20 percent housing set-aside obligation. This first tier of tax sharing continues through the last date the Added Area of Project Two may receive Tax Revenue for repayment of indebtedness. The City of Covina has exercised its option to elect to receive its share of the first tier of these statutory tax sharing amounts.

In addition, beginning in Fiscal Year 2018-19, using the values for Fiscal Year 2017-18 as an adjusted base year value, the Agency must pay to affected taxing entities, after deducting the 20% housing set-aside obligation, an amount that is 21% of the revenue derived from the increase in assessed value above the new adjusted base year value (the "Second Tier Tax Sharing"). This Second Tier Tax Sharing will also continue through last date to repay debt with Tax Increment of the Added Area of Project Two. The City may not elect to receive a share of the Second Tier Tax Sharing. A third tier of

tax sharing payments will not be applicable because the Redevelopment Plan terminates prior to the date that this third tier of payments is incurred.

C. Other Obligations

The former redevelopment agency entered into a number of purchase and or lease agreements containing potential obligations. These agreements, however, are not expected to impact the amount of Tax Revenues available for debt service as such agreements are subordinate to debt service on the Bonds. These agreements include the following:

- On April 28, 1998, the former redevelopment agency purchased property located at 626 South Citrus Avenue, Covina, California, for $2.2 million. The purchase was paid by a cash deposit of $698,000 and by securing a promissory note of $1,520,052. The Successor Agency took over the lease of three current tenants and subsequently entered into a lease with Chick's Sporting Goods for their retail outlet. Interest on the unpaid principal accrues at a variable rate which was 4.72% per annum at August 1, 2013. Monthly payments were $12,021.41 as of such date.

- On May 13, 2002, the former redevelopment agency entered into a lease for property located at 611 South Citrus Avenue, Covina, California. Such lease was for an initial term of 20 years, with annual rents beginning at $80,000 and increasing to $106,480 for the last 5 years of the lease. The Oversight Board to the Successor Agency adopted Resolution 13-30 on September 24, 2013, which terminates this lease with a termination payment of $193,600, which termination will become effective upon approval by the DOF of the ROPS submitted for the period covering January 1, 2014 through June 30, 2014.

- On June 21, 2010, retroactive to March 31, 2010, the former redevelopment agency entered into a lease for property located at 1151 and 1211 North Azusa Avenue, Covina, California. This lease was the extension of a lease, dated September 2, 1999, pursuant to which the former redevelopment agency agreed to lease the subject premises from the landlord for the purpose of subleasing the premises to Seidner Enterprises, Inc. to rehabilitate the existing commercial building on the subject premises in accordance with the Redevelopment Plan and conduct business in the premises. The monthly rent payment is $49,840 which will terminate on June 30, 2017.

Covina Successor Agency
Combined Redevelopment Projects

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

12/1/2014

Table 1

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Taxable Values (1)											
Real Property (2)		965,309	954,739	973,833	993,310	1,013,176	1,033,440	1,054,109	1,075,191	1,096,695	957,575
Personal Property (3)		49,062	49,062	49,062	49,062	49,062	49,062	49,062	49,062	49,062	46,924
Total Projected Value		**1,014,371**	**1,003,801**	**1,022,895**	**1,042,372**	**1,062,238**	**1,082,502**	**1,103,170**	**1,124,253**	**1,145,756**	**1,004,499**
Taxable Value over Base	**77,712**	**936,659**	**926,089**	**945,183**	**964,660**	**984,526**	**1,004,790**	**1,025,458**	**1,046,541**	**1,068,044**	**936,155**
Gross Tax Increment Revenue (4)		9,367	9,261	9,452	9,647	9,845	10,048	10,255	10,465	10,680	9,362
Unitary Tax Revenue		78	78	78	78	78	78	78	78	78	73
Gross Revenues (5)		**9,445**	**9,339**	**9,530**	**9,725**	**9,923**	**10,126**	**10,333**	**10,544**	**10,759**	**4,903**
LESS:											
SB 2557 Admin. Fee (6)		(135)	(133)	(136)	(139)	(141)	(144)	(147)	(150)	(153)	(70)
ABx1 26 Admin. Fee (7)		(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(29)
Pass Throughs:											
L.A. County Taxing Entities (8)		(917)	(949)	(971)	(993)	(1,015)	(1,038)	(1,061)	(1,085)	(1,109)	(482)
L.A. County Flood Control (8)		(13)	(14)	(15)	(15)	(15)	(16)	(16)	(16)	(17)	(17)
LA Co Office of Education (9)		(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Mt. San Antonio College (9)		(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)
Covina Valley USD (9)		(22)	(23)	(24)	(25)	(26)	(28)	(29)	(30)	(32)	(33)
SB 211 Statutory Tax Sharing Tier 1 (10)		(517)	(488)	(521)	(554)	(589)	(624)	(659)	(695)	(733)	(359)
SB 211 Statutory Tax Sharing Tier 2 (10)		(12)	0	(5)	(29)	(58)	(87)	(117)	(148)	(179)	(95)
Tax Revenues		**7,793**	**7,695**	**7,822**	**7,932**	**8,041**	**8,152**	**8,265**	**8,380**	**8,498**	**3,813**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Increased for inflation at 2% for 2015-16 amd at 2% annually thereafter. Values for 2015-16 are increased by $14.6 million for 52 transfers of ownership after 1/1/2014 and decreased by $43.6 million for projected value loss due to pending assessment appeals.
(3) Personal property is held constant at 2014-15 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) Cumulative tax increment revenue limit of $220 million exists for Project Area 1, that is estimated to be reached during FY 2023-24, and prior to the Plan's last date to receive tax increment would be reached. The tax increment limit is exclusive of ERAF payments that were made by the former redevelopment agency over the years.
(6) L.A. County Administrative fee is estimated at 1.43% of Gross Revenue.
(7) Per ABx1 26, the County Auditor-Controller is permitted to recover it's costs for administration of the RPTTF process required in the Law. The fees for the most recent fiscal year are reflected and are not shown with any increase through the projection period.
(8) L.A. County Taxing Entities receive 52.8% of tax increment revenue net of Housing Set-Aside in Project Area 2. L.A. County (51.79%) and Flood Control (1.85%) also receive their shares of inflationary growth on real property value in Redevelopment Project No. 2 - 88 Annex and additionally receive their shares of 88 Annex tax increment in excess of inflationary growth, net of Housing Set-Aside.
(9) Pursuant to the former HSC Section 33676 the County Office of Education, Mt. San Antonio College District and the Covina Valley USD receive their shares of general levy revenue on inflationary growth of base year real property values from within the Project Area No. 2 - 88 Annex.
(10) See individual projections for detailed statutory tax sharing information.

Covina Successor Agency
Combined Redevelopment Projects

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2

12/1/2014

			Total Taxable Value	Taxable Value Over Base	Gross Tax Revenue	SB 2557 Charge	ABx1 26 Admin. Fee	LA County Taxing Entities	Section 33676 Infl. Payments	SB211 Statutory Tax Sharing Tier 1	SB211 Statutory Tax Sharing Tier 2	Tax Revenues
1	2014-15		1,014,371	936,659	**9,445**	(135)	(33)	(930)	(26)	(517)	(12)	**7,793**
2	2015-16		1,003,801	926,089	**9,339**	(133)	(33)	(963)	(27)	(488)	0	**7,695**
3	2016-17		1,022,895	945,183	**9,530**	(136)	(33)	(985)	(29)	(521)	(5)	**7,822**
4	2017-18		1,042,372	964,660	**9,725**	(139)	(33)	(1,008)	(30)	(554)	(29)	**7,932**
5	2018-19		1,062,238	984,526	**9,923**	(141)	(33)	(1,030)	(31)	(589)	(58)	**8,041**
6	2019-20		1,082,502	1,004,790	**10,126**	(144)	(33)	(1,053)	(33)	(624)	(87)	**8,152**
7	2020-21		1,103,170	1,025,458	**10,333**	(147)	(33)	(1,077)	(34)	(659)	(117)	**8,265**
8	2021-22		1,124,253	1,046,541	**10,544**	(150)	(33)	(1,101)	(36)	(695)	(148)	**8,380**
9	2022-23	(1)	1,145,756	1,068,044	**10,759**	(153)	(33)	(1,126)	(37)	(733)	(179)	**8,498**
10	2023-24	(2)	1,004,499	936,155	**4,903**	(70)	(29)	(499)	(39)	(359)	(95)	**3,813**
11	2024-25		1,023,651	955,306	**1,146**	(16)	(4)	(511)	(41)	(72)	(13)	**489**
12	2025-26		1,043,185	974,841	**1,173**	(17)	(4)	(523)	(42)	(75)	(15)	**496**
13	2026-27		1,063,110	994,766	**1,200**	(17)	(4)	(535)	(44)	(77)	(18)	**504**
14	2027-28		144,139	122,655	**1,227**	(17)	(4)	(548)	(46)	(80)	(20)	**513**
15	2028-29		146,963	125,479	**1,256**	(18)	(4)	(561)	(47)	(83)	(22)	**521**
16	2029-30		149,844	128,360	**1,284**	(18)	(4)	(574)	(49)	(85)	(24)	**530**
17	2030-31		152,782	131,299	**1,314**	(19)	(4)	(588)	(51)	(88)	(26)	**538**
18	2031-32		155,780	134,296	**1,344**	(19)	(4)	(601)	(53)	(91)	(29)	**547**
19	2032-33		158,837	137,353	**1,374**	(20)	(4)	(615)	(55)	(94)	(31)	**556**
20	2033-34		161,955	140,471	**1,406**	(20)	(4)	(630)	(57)	(97)	(34)	**565**
21	2034-35		165,136	143,652	**1,437**	(20)	(4)	(644)	(59)	(99)	(36)	**575**
22	2035-36		168,380	146,896	**1,470**	(21)	(4)	(659)	(61)	(102)	(39)	**584**
23	2036-37		171,689	150,205	**1,503**	(21)	(4)	(674)	(63)	(106)	(41)	**594**
					111,759	(1,593)	(369)	(17,437)	(989)	(6,888)	(1,079)	**83,404**

(1) The original portion of Project #2 will exceed its time limit on repayment of debt on October 19, 2023.

(2) The Agency may be allocated a total of $220 million from Project Area #1. This limit is estimated to be reached in 2023-24, prior to expiration of the Agency's time limit on repayment of debt.

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Combined Redevelopment Projects
Historical Values (1)
Table 3

12/1/2014

Secured (2)	Base Year Combined	2005-06	2006-07	Revised Base Year (2007-08)	2007-08	2008-09	Revised Base Year (2009-10)	2009-10	Revised Base Year (2010-11)	2010-11	2011-12	Revised Base Year (2012-13)	2012-13	Revised Base Year (2013-14)	2013-14	2014-15
Land	30,662,519	272,213,993	319,569,646	30,707,782	350,525,026	408,920,791	30,688,205	405,021,938	30,610,666	399,905,145	411,168,420	30,474,489	413,367,529	30,510,152	432,113,091	460,304,562
Improvements	32,887,980	400,086,181	418,998,642	32,887,980	446,767,202	488,412,593	32,863,142	484,566,822	32,822,964	476,069,825	479,213,561	32,373,884	485,977,604	32,438,900	517,626,260	520,964,967
Personal Property	3,519,289	11,367,437	9,421,388	3,519,289	9,408,382	8,856,930	3,519,289	8,919,029	3,519,289	7,742,584	8,723,388	3,519,289	9,375,999	3,519,289	8,780,990	9,631,266
Exemptions	(7,267,788)	(33,290,485)	(33,978,571)	(7,267,788)	(35,033,472)	(34,281,870)	(7,267,788)	(34,963,509)	(7,267,788)	(42,714,996)	(13,259,592)	(7,267,788)	(46,102,426)	(7,242,574)	(46,319,273)	(46,738,546)
Total Secured	**59,802,000**	**650,377,126**	**714,011,105**	**59,847,263**	**771,667,138**	**871,908,444**	**59,802,848**	**863,544,280**	**59,685,131**	**841,002,558**	**885,845,777**	**59,099,874**	**862,618,706**	**59,225,767**	**912,201,068**	**944,162,249**
Unsecured																
Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Improvements	4,187,673	30,740,552	38,891,690	4,195,995	32,435,410	27,403,703	4,195,995	35,222,891	4,195,995	35,445,867	33,292,305	4,195,995	30,912,237	4,195,995	31,285,573	30,778,236
Personal Property	14,298,545	55,719,477	47,062,322	14,290,223	58,819,609	45,042,216	14,290,223	62,464,426	14,290,223	61,354,766	66,058,568	14,290,223	64,859,754	14,290,223	64,094,713	74,485,812
Exemptions	0	(21,805,382)	(20,518,811)	0	(24,657,193)	(71,004)	0	(23,901,153)	0	(23,956,448)	(23,853,600)	0	(24,927,351)	0	(26,713,745)	(35,055,227)
Total Unsecured	**18,486,218**	**64,654,647**	**65,435,201**	**18,486,218**	**66,597,826**	**72,374,915**	**18,486,218**	**73,786,164**	**18,486,218**	**72,844,185**	**75,497,273**	**18,486,218**	**70,844,640**	**18,486,218**	**68,666,541**	**70,208,821**
GRAND TOTAL	**78,288,218**	**715,031,773**	**779,446,306**	**78,333,481**	**838,264,964**	**944,283,359**	**78,289,066**	**937,330,444**	**78,171,349**	**913,846,743**	**961,343,050**	**77,586,092**	**933,463,346**	**77,711,985**	**980,867,609**	**1,014,371,070**
Incremental Value:		636,743,555	701,158,088		759,931,483	865,995,141		859,041,378		835,675,394	883,171,701		855,877,254		903,155,624	936,659,085
Percentage Change:			10.12%		8.38%	13.96%		-0.80%		-2.72%	5.68%		-3.09%		5.52%	3.71%

(1) Source: County of Los Angeles
(2) Secured values include state assessed non-unitary utility property.

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Combined Redevelopment Projects
TOP TEN TAXABLE PROPERTY OWNERS FOR 2014-15
Table 4

12/1/2014

	Secured			Unsecured			Total			
	Value	Parcels	% Secured Value	Value	Parcels	% Unsecured Value	Value	% Total Value	% Incr. Value	Use Code
1. Vista Point Apartments LLC	$45,599,058	2	4.83%	$0	0	0.00%	$45,599,058	4.50%	4.87%	Residential Apartments
Pending Appeals on Parcels										
2. KIR Covina LP	$47,499,907	14	5.03%	$0	0	0.00%	$47,499,907	4.68%	5.07%	Retail Shopping Center
Pending Appeals on Parcels										
3. FNL Covina Partners	$30,247,010	7	3.20%	$0	0	0.00%	$30,247,010	2.98%	3.23%	Commercial Office Complex
4. Spirit SPE Covina	$24,800,000	1	2.63%	$0	0	0.00%	$24,800,000	2.44%	2.65%	AMC Movie Theater
Pending Appeals on Parcels										
5. Haemonetics Manufacturing	$22,066,843	1	2.34%	$133,869	1	0.19%	$22,200,712	2.19%	2.37%	Blood Processing Products
6. Walmart Real Estate Business Trust	$15,569,053	1	1.65%	$3,584,498	1	5.11%	$19,153,551	1.89%	2.04%	Walmart Retail Store
7. UIMC Covina	$18,941,209	3	2.01%	$0	0	0.00%	$18,941,209	1.87%	2.02%	Home Depot Warehouse Store
Pending Appeals on Parcels										
8. Crystal Waterfalls	$16,773,204	2	1.78%	$0	0	0.00%	$16,773,204	1.65%	1.79%	Radisson Hotel
9. Covina Marketplace	$13,666,272	6	1.45%	$0	0	0.00%	$13,666,272	1.35%	1.46%	Retail Shopping Center
Pending Appeals on Parcels										
10. Covina Properties	$12,686,294	5	1.34%	$0	0	0.00%	$12,686,294	1.25%	1.35%	Retail Shopping Center
Pending Appeals on Parcels										
	$247,848,850	42		$3,718,367	2		$251,567,217			
Total Project Area Value:	$944,162,249		26.25%	$70,208,821		5.30%	$1,014,371,070	24.80%		
Project Area Incremental Value:	$884,936,482		28.01%	$51,722,603		7.19%	$936,659,085	26.86%		

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Combined Redevelopment Projects
New Development Table
Table 5

12/1/2014

000's omitted

REAL	SqFt/ Units	Value	Total Value	Less Existing (1)	Total Value Added	Start	Complete	2015-16	2016-17	2017-18	2018-19
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
SFR Transfers of Ownership after 1/1/2014	39	Lump Sum	$13,615,500	$9,972,537	$3,643			3,643	0	0	0
Non-SFR Transfers of Ownership after 1/1/2014	13	Lump Sum	$22,192,000	$11,272,418	$10,920			10,920	0	0	0
Total Real Property			**$35,807,500**	**$21,244,955**	**$14,563**			**14,563**	**0**	**0**	**0**

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Covina Revitalization - Redevelopment Project No. 1

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

12/1/2014

Table 1

Taxable Values (1)		**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Real Property (2)		724,209	705,934	720,053	734,454	749,143	764,126	779,408	794,996	810,896	827,114
Personal Property (3)		44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Total Projected Value		**768,209**	**749,934**	**764,053**	**778,454**	**793,143**	**808,126**	**823,408**	**838,996**	**854,896**	**871,114**
Taxable Value over Base	**46,860**	**721,349**	**703,074**	**717,192**	**731,593**	**746,282**	**761,265**	**776,548**	**792,136**	**808,036**	**824,254**
Gross Tax Increment Revenue (4)		7,213	7,031	7,172	7,316	7,463	7,613	7,765	7,921	8,080	8,243
Unitary Tax Revenue		72	72	72	72	72	72	72	72	72	72
Gross Revenues (5)		**7,286**	**7,103**	**7,244**	**7,388**	**7,535**	**7,685**	**7,838**	**7,994**	**8,153**	**3,784**
LESS:											
SB 2557 Admin. Fee (6)		(104)	(101)	(103)	(105)	(107)	(110)	(112)	(114)	(116)	(54)
ABx1 26 Admin. Fee (7)		(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
Pass Throughs:											
SB 211 Statutory Tax Sharing Tier 1 (8)		(436)	(400)	(428)	(457)	(486)	(516)	(547)	(578)	(609)	(289)
SB 211 Statutory Tax Sharing Tier 2 (8)		(12)	0	(5)	(29)	(54)	(79)	(105)	(131)	(158)	(83)
Tax Revenues		**6,709**	**6,577**	**6,683**	**6,772**	**6,863**	**6,955**	**7,050**	**7,146**	**7,244**	**3,332**

(1) Taxable values as reported by Los Angeles County.

(2) Real property consists of land and improvements. Increased for inflation at 2% for 2015-16 amd at 2% annually thereafter. Values for 2015-16 are increased by $6.4 million for 29 transfers of ownership after 1/1/2014 and decreased by $38.4 million for projected value loss due to pending assessment appeals.

(3) Personal property is held constant at 2014-15 level.

(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.

(5) Cumulative tax increment revenue limit of $220 million exists for the Project Area, which is estimated to be reached during FY 2023-24, and prior to the Plan's last date to receive tax increment would be reached. The tax increment limit is exclusive of ERAF payments that were made by the former redevelopment agency over the years.

(6) L.A. County Administrative fee is estimated at 1.43% of Gross Revenue.

(7) Per ABx1 26, the County Auditor-Controller is permitted to recover it's costs for administration of the RPTTF process required in the Law. The fees for the most recent fiscal year are reflected and are not shown with any increase through the projection period.

(8) By the adoption of an amendment to the Redevelopment Plan under the terms of SB 211, the Agency has eliminated the Plan's time limit for incurrence of new debt. By the elimination of this limit, the Agency is required to make statutory tax sharing payments as outlined in the Health and Safety Code beginning in the fiscal year following the date of the eliminated time limit (Jan. 1, 2004). Using the assessed values for 2003-04 as a base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of Housing Set-Aside.

Covina Successor Agency
Covina Revitalization - Redevelopment Project No. 1
Projection of Incremental Taxable Value & Tax Increment Revenue

(000s Omitted) 12/1/2014

Table 2

			Total Taxable Value	Taxable Value Over Base 46,860	Gross Tax Revenue	SB 2557 Charge	ABx1 26 Admin. Fee	SB211 Statutory Tax Sharing Tier 1	SB211 Statutory Tax Sharing Tier 2	Tax Revenues
1	2014-15		768,209	721,349	**7,286**	(104)	(25)	(436)	(12)	**6,709**
2	2015-16		749,934	703,074	**7,103**	(101)	(25)	(400)	0	**6,577**
3	2016-17		764,053	717,192	**7,244**	(103)	(25)	(428)	(5)	**6,683**
4	2017-18		778,454	731,593	**7,388**	(105)	(25)	(457)	(29)	**6,772**
5	2018-19		793,143	746,282	**7,535**	(107)	(25)	(486)	(54)	**6,863**
6	2019-20		808,126	761,265	**7,685**	(110)	(25)	(516)	(79)	**6,955**
7	2020-21		823,408	776,548	**7,838**	(112)	(25)	(547)	(105)	**7,050**
8	2021-22		838,996	792,136	**7,994**	(114)	(25)	(578)	(131)	**7,146**
9	2022-23		854,896	808,036	**8,153**	(116)	(25)	(609)	(158)	**7,244**
10	2023-24	(1)	871,114	824,254	**3,784**	(54)	(25)	(289)	(83)	**3,332**
11	2024-25		887,657	840,796	**0**	0	0	0	0	**0**
12	2025-26		904,530	857,669	**0**	0	0	0	0	**0**
13	2026-27		921,740	874,880	**0**	0	0	0	0	**0**
14	2027-28		0	0	**0**	0	0	0	0	**0**
15	2028-29		0	0	**0**	0	0	0	0	**0**
16	2029-30		0	0	**0**	0	0	0	0	**0**
17	2030-31		0	0	**0**	0	0	0	0	**0**
18	2031-32		0	0	**0**	0	0	0	0	**0**
19	2032-33		0	0	**0**	0	0	0	0	**0**
					72,010	(1,027)	(249)	(4,745)	(656)	**65,333**

(1) The Agency may be allocated a total of $220 million from the Project Area. This limit is estimated to be reached in 2023-24, prior to expiration of the Agency's time limit on repayment of debt.

Footnotes: see Table 1

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Covina Revitalization - Redevelopment Project No. 1
Historical Values (1)
Table 3

12/1/2014

Secured (2)	Base Year 1973-74	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Revised Base Year (2013-14)	2013-14	2014-15
Land	17,488,200	217,966,144	248,865,621	279,063,470	311,234,861	313,852,525	310,693,979	318,768,494	317,597,602	17,426,747	324,651,175	337,303,923
Improvements	20,567,060	331,370,655	351,995,001	367,063,481	397,497,228	396,086,181	388,978,356	392,831,400	395,921,192	20,567,060	410,466,298	403,773,224
Personal Property	3,134,483	10,785,867	8,843,889	8,845,761	8,311,861	8,378,173	7,216,095	8,465,554	9,048,329	3,134,483	8,389,935	9,271,641
Exemptions	(7,175,340)	(31,892,766)	(32,515,708)	(33,583,338)	(32,793,445)	(33,444,210)	(41,313,668)	(11,847,720)	(44,662,325)	(7,150,126)	(44,850,379)	(45,150,555)
Total Secured	**34,014,403**	**528,229,900**	**577,188,803**	**621,389,374**	**684,250,505**	**684,872,669**	**665,574,762**	**708,217,728**	**677,904,798**	**33,978,164**	**698,657,029**	**705,198,233**
Unsecured												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Improvements	2,778,160	28,479,630	36,759,892	29,391,720	23,809,552	32,139,171	32,256,582	30,283,520	28,069,748	2,778,160	28,573,500	28,282,377
Personal Property	10,104,140	50,088,744	42,172,552	52,916,464	38,512,644	55,859,941	56,276,966	61,908,075	61,479,542	10,104,140	60,480,866	69,758,773
Exemptions	0	(21,800,382)	(20,513,811)	(24,652,193)	(46,004)	(23,876,153)	(23,931,448)	(23,828,600)	(24,902,351)	0	(26,688,745)	(35,030,227)
Total Unsecured	**12,882,300**	**56,767,992**	**58,418,633**	**57,655,991**	**62,276,192**	**64,122,959**	**64,602,100**	**68,362,995**	**64,646,939**	**12,882,300**	**62,365,621**	**63,010,923**
GRAND TOTAL	**46,896,703**	**584,997,892**	**635,607,436**	**679,045,365**	**746,526,697**	**748,995,628**	**730,176,862**	**776,580,723**	**742,551,737**	**46,860,464**	**761,022,650**	**768,209,156**
Incremental Value:		538,101,189	588,710,733	632,148,662	699,629,994	702,098,925	683,280,159	729,684,020	695,655,034		714,162,186	721,348,692
Percentage Change:			9.41%	7.38%	10.67%	0.35%	-2.68%	6.79%	-4.66%		2.66%	1.01%

(1) Source: County of Los Angeles Lien Date Rolls.
(2) Secured values include state assessed non-unitary utility property.

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Covina Revitalization - Redevelopment Project No. 1
TOP TEN TAXABLE PROPERTY OWNERS FOR 2014-15
Table 4

12/1/2014

	Secured			Unsecured			Total			
	Value	Parcels	% Secured Value	Value	Parcels	% Unsecured Value	Value	% Total Value	% Incr. Value	Use Code
1. KIR Covina LP	$47,499,907	14	6.74%	$0	0	0.00%	$47,499,907	6.18%	6.58%	Retail Shopping Center
Pending Appeals on Parcels										
2. FNL Covina Partners	$30,247,010	7	4.29%	$0	0	0.00%	$30,247,010	3.94%	4.19%	Commercial Office Complex
3. Spirit SPE Covina	$24,800,000	1	3.52%	$0	0	0.00%	$24,800,000	3.23%	3.44%	AMC Movie Theater
Pending Appeals on Parcels										
4. Haemonetics Manufacturing	$22,066,843	1	3.13%	$133,869	1	0.21%	$22,200,712	2.89%	3.08%	Blood Processing Products
5. Walmart Real Estate Business Trust	$15,569,053	1	2.21%	$3,584,498	1	5.69%	$19,153,551	2.49%	2.66%	Walmart Retail Store
6. UIMC Covina	$18,941,209	3	2.69%	$0	0	0.00%	$18,941,209	2.47%	2.63%	Home Depot Warehouse Store
Pending Appeals on Parcels										
7. Crystal Waterfalls	$16,773,204	2	2.38%	$0	0	0.00%	$16,773,204	2.18%	2.33%	Radisson Hotel
8. Covina Marketplace	$13,666,272	6	1.94%	$0	0	0.00%	$13,666,272	1.78%	1.89%	Retail Shopping Center
Pending Appeals on Parcels										
9. Covina Properties	$12,686,294	5	1.80%	$0	0	0.00%	$12,686,294	1.65%	1.76%	Retail Shopping Center
Pending Appeals on Parcels										
10. RJS Financial	$11,492,871	3	1.63%	$0	0	0.00%	$11,492,871	1.50%	1.59%	Retail Shopping Center
	$213,742,663	43		$3,718,367	2		$217,461,030			
Total Project Area Value:	$705,198,233		30.31%	$63,010,923		5.90%	$768,209,156	28.31%		
Project Area Incremental Value:	$671,220,069		31.84%	$50,128,623		7.42%	$721,348,692	30.15%		

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Covina Revitalization - Redevelopment Project No. 1
New Development Table
Table 5

12/1/2014

000's omitted

REAL	SqFt/ Units	Value	Total Value	Less Existing (1)	Total Value Added	Start	Complete	2015-16	2016-17	2017-18	2018-19
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
SFR Transfers of Ownership after 1/1/2014	22	Lump Sum	$7,823,500	$5,617,273	$2,206			2,206	0	0	0
Non-SFR Transfers of Ownership after 1/1/2014	7	Lump Sum	$13,887,500	$9,673,237	$4,214			4,214	0	0	0
Total Real Property			**$21,711,000**	**$15,290,510**	**$6,420**			**6,420**	**0**	**0**	**0**

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Redevelopment Project #2 and 1988 Annex

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

12/1/2014

Table 1

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Taxable Values (1)											
Real Property (2)		241,100	248,805	253,781	258,856	264,034	269,314	274,701	280,195	285,798	130,461
Personal Property (3)		5,062	5,062	5,062	5,062	5,062	5,062	5,062	5,062	5,062	2,924
Total Projected Value		**246,162**	**253,866**	**258,842**	**263,918**	**269,095**	**274,376**	**279,762**	**285,256**	**290,860**	**133,385**
Taxable Value over Base	**30,852**	**215,310**	**223,015**	**227,991**	**233,067**	**238,244**	**243,524**	**248,911**	**254,405**	**260,009**	**111,901**
Gross Tax Increment Revenue (4)		2,153	2,230	2,280	2,331	2,382	2,435	2,489	2,544	2,600	1,119
Unitary Tax Revenue		6	6	6	6	6	6	6	6	6	1
Gross Revenues		**2,159**	**2,236**	**2,286**	**2,336**	**2,388**	**2,441**	**2,495**	**2,550**	**2,606**	**1,120**
LESS:											
SB 2557 Admin. Fee (5)		(31)	(32)	(33)	(33)	(34)	(35)	(36)	(36)	(37)	(16)
ABx1 26 Admin. Fee (6)		(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(4)
Pass Throughs:											
L.A. County Taxing Entities (7)		(917)	(949)	(971)	(993)	(1,015)	(1,038)	(1,061)	(1,085)	(1,109)	(482)
L.A. County Flood Control (7)		(13)	(14)	(15)	(15)	(15)	(16)	(16)	(16)	(17)	(17)
LA Co Office of Education (8)		(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Mt. San Antonio College (8)		(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)
Covina Valley USD (8)		(22)	(23)	(24)	(25)	(26)	(28)	(29)	(30)	(32)	(33)
SB 211 Statutory Tax Sharing Tier 1 (9)		(81)	(88)	(93)	(98)	(103)	(108)	(113)	(118)	(123)	(70)
SB 211 Statutory Tax Sharing Tier 2 (9)		0	0	0	0	(4)	(8)	(12)	(17)	(21)	(11)
Tax Revenues		**1,084**	**1,117**	**1,138**	**1,160**	**1,178**	**1,196**	**1,215**	**1,234**	**1,254**	**481**

(1) Taxable values as reported by Los Angeles County.

(2) Real property consists of land and improvements. Increased for inflation at 2% for 2015-16 amd at 2% annually thereafter. Values for 2015-16 are increased by $8.1 million for 23 transfers of ownership after 1/1/2014 and decreased by $5.2 million for projected value loss due to pending assessment appeals.

(3) Personal property is held constant at 2014-15 level.

(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.

(5) L.A. County Administrative fee is estimated at 1.42% of Gross Revenue.

(6) Per ABx1 26, the County Auditor-Controller is permitted to recover it's costs for administration of the RPTTF process required in the Law. The fees for the most recent fiscal year are reflected and are not shown with any increase through the projection period.

(7) L.A. County Taxing Entities receive 52.8% of tax increment revenue net of Housing Set-Aside in Project Area 2. L.A. County (51.79%) and Flood Control (1.85%) also receive their shares of inflationary growth on real property value in 88 Annex and additionally receive their shares of 88 Annex tax increment in excess of inflationary growth, net of Housing Set-Aside.

(8) Pursuant to the former HSC Section 33676 the County Office of Education, Mt. San Antonio College District and the Covina Valley USD receive their shares of general levy revenue on inflationary growth of base year real property values.

Covina Successor Agency
Redevelopment Project No. 2

Projection of Incremental Taxable Value & Tax Increment Revenue
(000's Omitted)

12/1/2014

Table 1

Taxable Values (1)		**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Real Property (2)		139,063	137,458	140,207	143,011	145,871	148,789	151,765	154,800	157,896	0
Personal Property (3)		2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	0
Total Projected Value		**141,200**	**139,595**	**142,344**	**145,149**	**148,009**	**150,926**	**153,902**	**156,937**	**160,033**	**0**
Taxable Value over Base	**9,368**	**131,833**	**130,228**	**132,977**	**135,781**	**138,641**	**141,559**	**144,534**	**147,570**	**150,666**	**0**
Gross Tax Increment Revenue (4)		1,318	1,302	1,330	1,358	1,386	1,416	1,445	1,476	1,507	0
Unitary Tax Revenue		5	5	5	5	5	5	5	5	5	0
Gross Revenues		**1,323**	**1,307**	**1,335**	**1,363**	**1,391**	**1,421**	**1,450**	**1,481**	**1,512**	**0**
LESS:											
SB 2557 Admin. Fee (5)		(19)	(19)	(19)	(19)	(20)	(20)	(21)	(21)	(22)	0
ABx1 26 Admin. Fee (6)		(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	0
Pass Throughs:											
L.A. County Taxing Entities (7)		(559)	(552)	(564)	(576)	(588)	(600)	(613)	(625)	(638)	0
SB 211 Statutory Tax Sharing Tier 1 (8)		(38)	(36)	(39)	(41)	(44)	(47)	(50)	(52)	(55)	0
SB 211 Statutory Tax Sharing Tier 2 (8)		0	0	0	0	(2)	(5)	(7)	(9)	(12)	0
Tax Revenues		**704**	**696**	**709**	**722**	**734**	**745**	**757**	**768**	**780**	**0**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Increased for inflation at 2% for 2015-16 amd at 2% annually thereafter. Values for 2015-16 are increased by $825,005 for 7 transfers of ownership after 1/1/2014 and decreased by $5.1 million for projected value loss due to pending assessment appeals.
(3) Personal property is held constant at 2014-15 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) L.A. County Administrative fee is estimated at 1.42% of Gross Revenue.
(6) Per ABx1 26, the County Auditor-Controller is permitted to recover it's costs for administration of the RPTTF process required in the Law. The fees for the most recent fiscal year are reflected and are not shown with any increase through the projection period.
(7) L.A. County Taxing Entities receive 52.8% of general levy tax increment revenue net of Housing Set-Aside.
(8) By the adoption of an amendment to the Redevelopment Plan under the terms of SB 211, the Agency has eliminated the Plan's time limit for incurrence of new debt (Jan. 1, 2004). By the elimination of this limit, the Agency is required to make statutory tax sharing payments beginning in the fiscal year following the date that the time limit is eliminated (June 30, 2008). Using the assessed values for 2003-04 as a base year and beginning in 2008-09, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value

Covina Successor Agency
Redevelopment Project No. 2 - Tax District 1: 1988 Annex

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted) 12/1/2014

Table 1

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Taxable Values (1)											
Real Property (2)		102,037	111,347	113,574	115,845	118,162	120,525	122,936	125,395	127,902	130,461
Personal Property (3)		2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924
Total Projected Value		**104,962**	**114,271**	**116,498**	**118,770**	**121,086**	**123,450**	**125,860**	**128,319**	**130,827**	**133,385**
Taxable Value over Base	**21,484**	**83,478**	**92,787**	**95,014**	**97,286**	**99,603**	**101,966**	**104,376**	**106,835**	**109,343**	**111,901**
Gross Tax Increment Revenue (4)		835	928	950	973	996	1,020	1,044	1,068	1,093	1,119
Unitary Tax Revenue		1	1	1	1	1	1	1	1	1	1
Gross Revenues		**836**	**929**	**951**	**974**	**997**	**1,021**	**1,045**	**1,069**	**1,094**	**1,120**
LESS:											
SB 2557 Admin. Fee (5)		(12)	(13)	(14)	(14)	(14)	(15)	(15)	(15)	(16)	(16)
ABx1 26 Admin. Fee (6)		(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Pass Throughs:											
L.A. County Inflation Share (7)		(59)	(62)	(65)	(68)	(71)	(74)	(78)	(81)	(85)	(88)
L.A. County Tax Increment Share (7)		(299)	(336)	(342)	(349)	(356)	(363)	(371)	(378)	(386)	(393)
Flood Control Inflation Share (8)		(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)
Flood Control Tax Increment Share (8)		(11)	(12)	(12)	(12)	(13)	(13)	(13)	(14)	(14)	(14)
LA Co Office of Education (9)		(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Mt. San Antonio College (9)		(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)
Covina Valley USD (9)		(22)	(23)	(24)	(25)	(26)	(28)	(29)	(30)	(32)	(33)
SB 211 Statutory Tax Sharing Tier 1 (10)		(44)	(52)	(54)	(56)	(59)	(61)	(63)	(65)	(68)	(70)
SB 211 Statutory Tax Sharing Tier 2 (10)		0	0	0	0	(2)	(4)	(6)	(7)	(9)	(11)
Tax Revenues		**380**	**421**	**429**	**438**	**445**	**452**	**459**	**466**	**473**	**481**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Increased for inflation at 2% for 2015-16 amd at 2% annually thereafter. Values for 2015-16 are increased by $7.3 million for 16 transfers of ownership after 1/1/2014 and decreased by $47,270 for projected value loss due to pending assessment appeals.
(3) Personal property is held constant at 2014-15 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) L.A. County Administrative fee is estimated at 1.43% of Gross Revenue.
(6) Per ABx1 26, the County Auditor-Controller is permitted to recover it's costs for administration of the RPTTF process required in the Law. The fees for the most recent fiscal year are reflected and are not shown with any increase through the projection period.
(7) L.A. County receives it's share (51.79%) of general levy tax increment on inflationary growth in real property value. County also receives its share of tax increment revenue in excess of inflationary growth net of Housing Set-Aside.
(8) Flood Control receives it's share (1.85%) of general levy tax increment on inflationary growth in real property value. District also receives its share of tax increment revenue in excess of inflationary growth net of Housing Set-Aside.
(9) Pursuant to the former HSC Section 33676 the County Office of Education, Mt. San Antonio College District and the Covina Valley USD receive their shares of general levy revenue on inflationary growth of base year real property values.
(10) By the adoption of an amendment to the Redevelopment Plan under the terms of SB 211, the Agency has eliminated the Plan's time limit for incurrence of new debt (Aug. 12, 2007). By the elimination of this limit, the Agency is required to make statutory tax sharing payments beginning in fiscal year 2009-10. Using the assessed values for 2007-08 as an adjusted base year, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above the Project Area assessed value for 2017-18 net of Housing Set-Aside

Covina Successor Agency
Redevelopment Project #2 and 1988 Annex

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
(000s Omitted)
Table 2

12/1/2014

			Total Taxable Value	Taxable Value Over Base 30,852	Gross Tax Revenue	SB 2557 Charge	ABx1 26 Admin. Fee	LA County Taxing Entities	Section 33676 Infl. Payments	SB211 Statutory Tax Sharing Tier 1	SB211 Statutory Tax Sharing Tier 2	Tax Revenues
1	2014-15		246,162	215,310	**2,159**	(31)	(8)	(930)	(26)	(81)	0	**1,084**
2	2015-16		253,866	223,015	**2,236**	(32)	(8)	(963)	(27)	(88)	0	**1,117**
3	2016-17		258,842	227,991	**2,286**	(33)	(8)	(985)	(29)	(93)	0	**1,138**
4	2017-18		263,918	233,067	**2,336**	(33)	(8)	(1,008)	(30)	(98)	0	**1,160**
5	2018-19		269,095	238,244	**2,388**	(34)	(8)	(1,030)	(31)	(103)	(4)	**1,178**
6	2019-20		274,376	243,524	**2,441**	(35)	(8)	(1,053)	(33)	(108)	(8)	**1,196**
7	2020-21		279,762	248,911	**2,495**	(36)	(8)	(1,077)	(34)	(113)	(12)	**1,215**
8	2021-22		285,256	254,405	**2,550**	(36)	(8)	(1,101)	(36)	(118)	(17)	**1,234**
9	2022-23	(1)	290,860	260,009	**2,606**	(37)	(8)	(1,126)	(37)	(123)	(21)	**1,254**
10	2023-24		133,385	111,901	**1,120**	(16)	(4)	(499)	(39)	(70)	(11)	**481**
11	2024-25		135,994	114,510	**1,146**	(16)	(4)	(511)	(41)	(72)	(13)	**489**
12	2025-26		138,655	117,172	**1,173**	(17)	(4)	(523)	(42)	(75)	(15)	**496**
13	2026-27		141,370	119,886	**1,200**	(17)	(4)	(535)	(44)	(77)	(18)	**504**
14	2027-28		144,139	122,655	**1,227**	(17)	(4)	(548)	(46)	(80)	(20)	**513**
15	2028-29		146,963	125,479	**1,256**	(18)	(4)	(561)	(47)	(83)	(22)	**521**
16	2029-30		149,844	128,360	**1,284**	(18)	(4)	(574)	(49)	(85)	(24)	**530**
17	2030-31		152,782	131,299	**1,314**	(19)	(4)	(588)	(51)	(88)	(26)	**538**
18	2031-32		155,780	134,296	**1,344**	(19)	(4)	(601)	(53)	(91)	(29)	**547**
19	2032-33		158,837	137,353	**1,374**	(20)	(4)	(615)	(55)	(94)	(31)	**556**
20	2033-34		161,955	140,471	**1,406**	(20)	(4)	(630)	(57)	(97)	(34)	**565**
21	2034-35		165,136	143,652	**1,437**	(20)	(4)	(644)	(59)	(99)	(36)	**575**
22	2035-36		168,380	146,896	**1,470**	(21)	(4)	(659)	(61)	(102)	(39)	**584**
23	2036-37		171,689	150,205	**1,503**	(21)	(4)	(674)	(63)	(106)	(41)	**594**
					39,750	(566)	(120)	(17,437)	(989)	(2,144)	(423)	**18,071**

(1) The original portion of Project #2 will exceed its time limit on repayment of debt on October 19, 2023.

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Redevelopment Project #2 and 1988 Annex
Historical Values (1)
Table 3

12/1/2014

Secured (2)	Base Year Combined	2005-06	2006-07	Revised Base Year (2007-08)	2007-08	2008-09	Revised Base Year (2009-10)	2009-10	Revised Base Year (2010-11)	2010-11	2011-12	Revised Base Year (2012-13)	2012-13	Revised Base Year (2013-14)	2013-14	2014-15
Land	13,174,319	54,247,849	70,704,025	13,219,582	71,461,556	97,685,930	13,200,005	91,169,413	13,122,466	89,211,166	92,399,926	12,986,289	95,769,927	13,083,405	107,461,916	123,000,639
Improvements	12,320,920	68,715,526	67,003,641	12,320,920	79,703,721	90,915,365	12,296,082	88,480,641	12,255,904	87,091,469	86,382,161	11,806,824	90,056,412	11,871,840	107,159,962	117,191,743
Personal Property	384,806	581,570	577,499	384,806	562,621	545,069	384,806	540,856	384,806	526,489	257,834	384,806	327,670	384,806	391,055	359,625
Exemptions	(92,448)	(1,397,719)	(1,462,863)	(92,448)	(1,450,134)	(1,488,425)	(92,448)	(1,519,299)	(92,448)	(1,401,328)	(1,411,872)	(92,448)	(1,440,101)	(92,448)	(1,468,894)	(1,587,991)
Total Secured	**25,787,597**	**122,147,226**	**136,822,302**	**25,832,860**	**150,277,764**	**187,657,939**	**25,788,445**	**178,671,611**	**25,670,728**	**175,427,796**	**177,628,049**	**25,085,471**	**184,713,908**	**25,247,603**	**213,544,039**	**238,964,016**
Unsecured																
Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Improvements	1,409,513	2,260,922	2,131,798	1,417,835	3,043,690	3,594,151	1,417,835	3,083,720	1,417,835	3,189,285	3,008,785	1,417,835	2,842,489	1,417,835	2,712,073	2,495,859
Personal Property	4,194,405	5,630,733	4,889,770	4,186,083	5,903,145	6,529,572	4,186,083	6,604,485	4,186,083	5,077,800	4,150,493	4,186,083	3,380,212	4,186,083	3,613,847	4,727,039
Exemptions	0	(5,000)	(5,000)	0	(5,000)	(25,000)	0	(25,000)	0	(25,000)	(25,000)	0	(25,000)	0	(25,000)	(25,000)
Total Unsecured	**5,603,918**	**7,886,655**	**7,016,568**	**5,603,918**	**8,941,835**	**10,098,723**	**5,603,918**	**9,663,205**	**5,603,918**	**8,242,085**	**7,134,278**	**5,603,918**	**6,197,701**	**5,603,918**	**6,300,920**	**7,197,898**
GRAND TOTAL	**31,391,515**	**130,033,881**	**143,838,870**	**31,436,778**	159,219,599	197,756,662	**31,392,363**	**188,334,816**	**31,274,646**	**183,669,881**	**184,762,327**	**30,689,389**	**190,911,609**	**30,851,521**	**219,844,959**	**246,161,914**
Incremental Value:		98,642,366	112,447,355	45,263	127,828,084	166,365,147		156,942,453		152,395,235	153,487,681		160,222,220		188,993,438	215,310,393
Percentage Change:			13.99%	-99.96%	13.68%	367452.19%		-5.66%		-2.90%	0.72%		4.39%		17.96%	13.92%

(1) Source: County of Los Angeles
(2) Secured values include state assessed non-unitary utility property.

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Redevelopment Project #2 and 1988 Annex
TOP TEN TAXABLE PROPERTY OWNERS FOR 2014-15
Table 4

12/1/2014

	Secured			Unsecured			Total			
	Value	Parcels	% Secured Value	Value	Parcels	% Unsecured Value	Value	% Total Value	% Incr. Value	Use Code
1. Vista Point Apartments LLC	$45,599,058	2	19.08%	$0	0	0.00%	$45,599,058	18.52%	21.18%	Residential
Pending Appeals on Parcels										
2. Grand Covina Plaza LLC	$12,583,676	2	5.27%	$0	0	0.00%	$12,583,676	5.11%	5.84%	Commercial
3. Bently Real Estate LLC	$11,012,400	6	4.61%	$0	0	0.00%	$11,012,400	4.47%	5.11%	Commercial
4. RPC Village Green Apartments LLC	$8,013,983	2	3.35%	$0	0	0.00%	$8,013,983	3.26%	3.72%	Residential
5. Fanon Realty LLC	$6,197,129	3	2.59%	$0	0	0.00%	$6,197,129	2.52%	2.88%	Commercial
6. CV Covina 3 Investment LLC	$3,778,717	13	1.58%	$0	0	0.00%	$3,778,717	1.54%	1.76%	Commercial
7. Christopher Champion Trust	$3,734,195	4	1.56%	$0	0	0.00%	$3,734,195	1.52%	1.73%	Recreational
8. Maria M. Moreno	$2,351,527	1	0.98%	$186,693	1	2.59%	$2,538,220	1.03%	1.18%	Commercial
9. WLM GC LLC	$2,308,590	2	0.97%	$0	0	0.00%	$2,308,590	0.94%	1.07%	Commercial
10. Thomas R. Christman	$2,039,719	1	0.85%	$0	0	0.00%	$2,039,719	0.83%	0.95%	Industrial
Pending Appeals on Parcels										
	$97,618,994	36		$186,693	1		$97,805,687			
Total Project Area Value:	$238,964,016		40.85%	$7,197,898		2.59%	$246,161,914	39.73%		
Project Area Incremental Value:	$213,716,413		45.68%	$1,593,980		11.71%	$215,310,393	45.43%		

Bond Services/LA Co TTC - TAB Refunding Program - 2014B/Covina 2014 Refunding TAB v5

Covina Successor Agency
Redevelopment Project #2 and 1988 Annex
New Development Table
Table 5

12/1/2014

					000's omitted						
REAL	**SqFt/ Units**	**Value**	**Total Value**	**Less Existing (1)**	**Total Value Added**	**Start**	**Complete**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
SFR Transfers of Ownership after 1/1/2014	17	Lump Sum	$5,792,000	$4,355,264	$1,437			1,437	0	0	0
Non-SFR Transfers of Ownership after 1/1/2014	6	Lump Sum	$8,304,500	$1,599,181	$6,705			6,705	0	0	0
Total Real Property			**$14,096,500**	**$5,954,445**	**$8,142**			**8,142**	**0**	**0**	**0**

APPENDIX C

AUDITED FINANCIAL STATEMENTS

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City of Covina, California

Comprehensive Annual Financial Report

Fiscal year ended June 30, 2014

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DR. SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Covina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Covina, California as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covina, California, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Change in Accounting Principles

As discussed in note 1 to the basic financial statements, effective July 1, 2013, the City adopted Governmental Accounting Standards Board (GASB) Statements; No. 65, *Items Previously Reported as Assets and Liabilities,* No. 66, *Technical Correction-2012,* No. 67, *Financial Reporting for Pension Plans,* and No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, trend information for pension and other postemployment benefits other than pensions, and budgetary comparison information on pages 17–29 and 85–88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

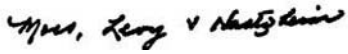
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Covina, California's basic financial statements. The introductory section, combining and individual nonmajor governmental, internal service, and agency fund financial statements, and statistical section, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual non-major governmental, internal service, and agency fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major governmental, internal service, and agency fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the City of Covina, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Covina, California's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim LLP
Culver City, California
December 8, 2014

CITY OF COVINA
Statement of Fiduciary Net Position
June 30, 2014

	Private-Purpose Trust	Agency Funds
Assets:		
Cash and investments	$ 9,062,556	$ 247
Cash and investments - fiscal agent	3,946,260	-
Accounts receivable	11,868	-
Prepaid expenses	104,915	-
Due from City of Covina	2,657,635	-
Land held for resale	7,229,071	-
Capital assets, not being depreciated	245,698	-
Capital assets, deprectd (net)	9,295,172	-
Total assets	32,553,175	$ 247
Deferred Outflows of Resources:		
Deferred loss on refunding of debt	190,831	
Total deferred outflows of resources	190,831	
Total assets and deferred outflows	32,744,006	
Liabilities:		
Account payable	4,665	$ -
Accrued liabilities	12,070	-
Due to associates	-	247
Interest payable	132,050	-
Long-term debt:		
Due within one year	2,498,035	-
Due in more than one year	30,855,764	-
Total liabilities	33,502,584	$ 247
Deferred Inflows of Resources:		
Unearned revenue - obligation retirement	3,938,967	
Total deferred inflows of resources	3,938,967	
Total liabilities and deferred inflows of resources	37,441,551	
Net Position (Deficit)		
Held in trust for others	$ (4,697,545)	

See accompanying notes to the financial statements.

CITY OF COVINA
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2014

		Private-Purpose Trust
Additions:		
Property taxes	$	1,628,367
Charges for services		727,294
Investment earnings		153,607
Others		8,730
Total additions		2,517,998
Deductions:		
General and administrative		262,417
Interest and fiscal charges		807,783
Bond issuance cost		453,078
Program expenses		825,859
Depreciation		312,786
Total deductions		2,661,923
Change in net position		(143,925)
Net position - beginning of fiscal year		(196,075)
Prior period adjustments		(4,357,545)
Net position - beginning of the fiscal year, restated		(4,553,620)
Net position (deficit) - end of the fiscal year	$	(4,697,545)

See accompanying notes to the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded, is employed in governmental funds. Amounts encumbered in the current year are treated as restricted, committed or assigned fund equity since they do not constitute expenditures or liabilities. At fiscal year-end, encumbrances outstanding are shown as restricted or assigned fund balance.

E. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year June 30, 2014, the City implemented Governmental Accounting Standards Board(GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did have an impact on the City's financial statements for the fiscal year ended June 30, 2014. Items previously reported as assets and liabilities are now reported as deferred inflows or outflows of resources.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction – 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* regarding the reporting of risk financing activities. Questions also have arisen abut differences between Statement 62 and Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases,* regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues,* concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

G. Cash and Cash Equivalents

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments, except for cash and investments with fiscal agents, are pooled with the City's pooled cash and investments, and are therefore considered cash equivalents.

H. Investments

Investments are stated at fair value using quoted market prices. Investment elements, including interest and changes in fair value, are aggregated and reported as investment earnings in the financial statements.

I. Inventories and Prepaid Items

Inventories are priced at the lower of cost or market on a first-in, first-out basis. The inventories consist primarily of water parts, vehicle and equipment parts and gasoline. Inventories of governmental funds are considered immaterial and are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. See Note 15 for more information about the prepaid CalPERS Side Fund.

NOTE 22. RELATED PARTY TRANSACTIONS

The City entered into an agreement with Covina Irrigating Company (CIC) for the pumping, treating and delivering the water to City reservoirs. During the fiscal year, the City paid $2,217,476 to the Covina Irrigating Company for the services of pumping, treating and delivery of water.

NOTE 23. ENCUMBRANCES

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled (executory contracts; and open purchase orders). Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as restricted or assigned governmental fund balance.

As of June 30, 2014, total governmental fund encumbrance balances for the City are as follows:

General Fund	$	45,090
Non-major governmental fund		573,420
Total governmental funds	$	618,510

NOTE 24. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA)

On December 29, 2011, the California Supreme Court upheld AB X1 26 that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

AB X1 26 provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with AB X1 26 as part of City resolution number 12-7041.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

AB X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB X1 26.

NOTE 24. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the Low-Moderate Income Housing, Tax Allocation and Redevelopment Agency governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

A. Capital Assets Held by SACRA

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not depreciated:				
Land	$ 245,698	$ -	$ -	$ 245,698
Total capital assets, not depreciated	245,698	-	-	245,698
Capital assets, depreciated:				
Buildings and structures	10,116,774	-	-	10,116,774
Improvements other than buildings	1,981,866	-	-	1,981,866
Machinery and equipment	153,255	-	-	153,255
Total capital assets, depreciated	12,251,895	-	-	12,251,895
Less accumulated depreciation for:				
Buildings and structures	(2,463,783)	(202,232)	-	(2,666,015)
Improvements other than buildings	(128,268)	(103,564)	-	(231,832)
Machinery and equipment	(51,886)	(6,990)	-	(58,876)
Total accumulated depreciation	(2,643,937)	(312,786)	-	(2,956,723)
Total capital assets, depreciated, net	9,607,958	(312,786)	-	9,295,172
Total capital assets, net	$ 9,853,656	$ (312,786)	$ -	$ 9,540,870

Depreciation expense for the fiscal year ended June 30, 2014 was $312,786.

B. Summary of SACRA's Long-Term Debt

	Balance July 1, 2013	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2014	Current Portion
Advances from City of Covina	$ -	$ 6,044,939	$ -	$ -	$ 6,044,939	$ -
Compensated absences	20,070	-	13,606	(1,186)	32,490	8,110
Notes payable	296,529	-	-	(133,106)	163,423	139,925
Tax allocation bonds	25,212,262	-	12,151,600	(11,602,262)	25,761,600	2,350,000
Accreted interest	4,437,652	-	31,990	(4,437,652)	31,990	-
Unamortized premium on tax allocation bonds	427,121	-	981,495	(89,259)	1,319,357	-
Total long-term liabilities, net	$ 30,393,634	$ 6,044,939	$ 13,178,691	$ (16,263,465)	$ 33,353,799	$ 2,498,035

NOTE 24. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

B. Summary of SACRA's Long-Term Debt (Continued)

On December 24, 2013, the Successor Agency of the former Covina Redevelopment Agency issued (through the County of Los Angeles Redevelopment Refunding Authority) 2013E Tax Allocation Revenue Refunding Bonds in the amount of $12,151,600. The purpose of the issue is to refund and defease the 1997 B Revenue Bonds and 2002 A Revenue Bonds plus accreted interest thereon. The proceeds from this issue plus any reserve funds remaining for the 1997 B and 2002 A bonds will be used to funds an escrow account which will be used to redeem the 1997 B and 2002 A bonds on January 22, 2014. The redemption price will be equal to 100% of the 1997 B and 101% of the accreted value of the 2002 A.

The 2013 bonds are issued as $9,460,000 in serial bonds with a maturity date of December 1, 2023. These bonds carry interest at 3-5%. Also issued are $1,756,600 in Capital Appreciation Bonds with final maturity of December 1, 2020. Interest rates are 3.5-4%.

The bonds are secured by tax revenues generated within the project area and as allocated for the payment of the debt by the County of Los Angeles per recognized obligation schedule.

As a result of the refunding the Agency realized a net savings in the amount of $3,136,892 and an economic gain (difference between present value of new debt versus old debt) of $1,441,851.

The outstanding principal balance of the bonds at June 30, 2014, is $12,151,600. The accreted interest amount outstanding on the Capital appreciation bonds is $31,990.

Notes Payable

On April 28, 1998, the Covina Redevelopment Agency purchased the Chick's East property located at 626 S. Citrus Avenue for $2.2 million. The purchase was paid by cash deposit of $698,000 and by securing a promissory note of $1,520,052. The Agency took over the leases of three current tenants and entered into a lease with Chick's Sporting Goods for their retail outlet. Interest on the unpaid principal shall accrue at a variable rate which was 5.404% per annum at June 30, 2014. Monthly payments were $12,020 at June 30, 2014. The outstanding balance as of June 30, 2014 was $163,423.

Tax Allocation Revenue Bonds of 1997, Series A

On July 30, 1997, the Authority issued $1,995,000 Revenue Bonds of 1997, Series A. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 4% to 5.2%. Payment of principal on the bonds started December 1, 1998, and they are due on December 1 each year until 2022. The outstanding principal balance as of June 30, 2014 was $1,015,000.

NOTE 24. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

B. Summary of SACRA's Long-Term Debt (Continued)

Tax Allocation Revenue Bonds of 1997, Series B

On November 1, 1997, the Authority issued $6,350,000 Revenue Bonds of 1997, Series B. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 4.2% to 5.1%. Payment of principal on the bonds started December 1, 1998, and they are due on December 1 each year until 2018. The outstanding principal balance as of June 30, 2014 was $0 as there were refunded as part of the 2013 issue.

Tax Allocation Revenue Bonds of 2002, Series A

On February 1, 2002, the Covina Public Financing Authority issued $10,262,262 Revenue Bonds of 2002, Series A. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 3% to 4.75%. Payment of principal on the bonds started December 1, 2002, and they are due on December 1 each year until 2023. The outstanding principal balance as of June 30, 2014 was $0 as these were refunded as part of the 2013 issue.

Tax Allocation Revenue Bonds of 2004 Series A and B

On November 1, 2004, the Agency issued $17,240,000 Tax Allocation Revenue Bonds of 2004, Series A in order to refund the Tax Allocation Revenue Bonds of 1995. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 3% to 5%. Payment of principal on the bonds started December 1, 2003, and they are due on December 1 each year until 2023. The quarterly principal balance as of June 30, 2014 was $9,585,000.

On November 1, 2004, the Agency issued $9,610,000 Tax Allocation Revenue Bonds of 2004, Series B. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 2.74% to 3.94%. The bonds are taxable and payment of principal on the bonds will begin December 1, 2005, and they are due on December 1 each year until 2023. The outstanding principal balance as of June 30, 2014 was $3,010,000.

The total outstanding balance as of June 30, 2014 was $25,761,600.

C. Debt Service requirements to maturity with respect to SACRA's Tax Allocation Bonds are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2015	$ 2,350,000	$ 1,307,905	$ 3,657,905
2016	2,435,000	982,248	3,417,248
2017	2,525,000	870,647	3,395,647
2018	2,660,000	739,796	3,399,796
2019	2,770,000	632,280	3,402,280
2020-2024	13,021,600	2,090,951	15,112,551
	$ 25,761,600	$ 6,623,827	$ 32,385,427

NOTE 25. SUBSEQUENT EVENT

Management's review of subsequent events

In preparing the accompanying financial statements, Management has reviewed all known events that have occurred after June 30, 2014 and through December 8, 2014, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

NOTE 26. PRIOR YEAR ADJUSTMENTS

In the Transportation Capital Projects fund and Government-Wide Statement of Activities an adjustment was made in the amount of ($5,299) to record return of TDA funds from fiscal year ended 2012.

Prior period adjustments were made in the General Fund $472,292, State Gas Tax Fund $440,574, Business-type Activity – Government-Wide and Water Utility $3,856, and Transportation Capital Projects Fund ($916,722) due to a correction from the California State Controller regarding usage of Gas Tax and Traffic Congestion Funds.

Prior period adjustments were made in the Water Utility Fund ($355,800), the Sewer Fund ($379,984), the Private Purpose Trust Fund ($967,036), Governmental Activities-Government-Wide Statements $3,096, and Business-type Activities – Government-Wide Statements ($735,784) as a result of GASB Statement No. 65 implementation.

A prior period adjustment was made in the Government-Wide Statements-Governmental Activities and in the Private Purpose Trust Fund in the amount of $3,390,509 which was owed to the City by the Successor Agency.

APPENDIX D

SUMMARY OF TRUST AGREEMENT

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APPENDIX D

SUMMARY OF TRUST AGREEMENT

The following summary discussion of selected provisions of the separate Trust Agreement is made subject to all of the provisions of the Trust Agreement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series 2014 Bonds are referred to the complete text of the Trust Agreement, copies of which are available upon request sent to the Trustee.

Definitions

"Act" shall mean Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented from time to time.

"Agency" shall mean, the Successor Agency to the Covina Redevelopment Agency, and its successors.

"Agency Indenture" shall mean, as the context requires, the indentures executed and delivered by a successor agency participating the Refunding Program with respect to the Bonds issued under the Trust Agreement, as defined in the Appendix A.

"Agency Trustee" shall mean, as the context requires, the trustee under the Agency Indenture.

"Authority" shall mean the County of Los Angeles Redevelopment Refunding Authority duly organized and existing under and pursuant to the laws of the State of California and a Joint Exercise of Powers Agreement, dated August 6, 2013, between the Los Angeles County Public Works Financing Authority and the County.

"Authorized Denominations" shall mean five thousand dollars ($5,000) and any integral multiple thereof, but not exceeding the principal amount of Bonds maturing on any one date.

"Authorized Officer" shall mean the Chairman, Treasurer, Secretary or any other Person authorized by the Authority in a Written Order to perform an act or sign a document on behalf of the Authority for purposes of the Trust Agreement.

"Bond" or **"Bonds"** shall mean any bond or all of the bonds, as the case may be, authorized and issued by the Authority and authenticated by the Trustee and delivered under the Trust Agreement.

"Bond Counsel" shall mean Orrick, Herrington & Sutcliffe LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds.

"Bond Register" shall mean the registration books specified as such in the Trust Agreement.

"Bond Insurance Policy" shall mean the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and the interest when due on the Insured Bonds, issued under the Trust Agreement.

"Bond Insurer" shall mean Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof, as insurer of the Insured Series 2014E Bonds.

"Business Day" shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in New York, New York or the city in which the Principal Corporate Trust Office of the Trustee is located are closed.

"Cash Flow Certificate" shall mean a written certificate executed by an Independent Financial Consultant.

"Chairman" shall mean the Chairman of the Authority.

"City" shall mean, the City of Covina, California, and its successors.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Continuing Disclosure Agreement" shall mean, as the context requires, each or all of the following undertakings executed and delivered by a successor agency participating in the Refunding Program with respect to the Bonds issued under the Trust Agreement, including, that Continuing Disclosure Agreement, dated as of December 1, 2014, between the Authority and the Successor Agency to the Covina Redevelopment Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Cost of Issuance Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Costs of Issuance" shall mean all items of expense directly or indirectly payable by or reimbursable to an Agency, the Authority or a City and related to the authorization, issuance, sale and delivery of the Local Obligations and the Authority Bonds, including but not limited to publication and printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and charges of the Trustee and the Agency Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Local Obligations and the Authority Bonds as provided in a Costs of Issuance invoice transmitted by the Authority to the Agency at the time of the original issuance of the Bonds to be paid from proceeds of the Local Obligations in accordance with the Trust Agreement (or similarly purposed section, if different) of the Agency Indenture.

"Debt Service Account" shall mean the account within the Revenue Fund by that name established and maintained pursuant to the Trust Agreement.

"Dissolution Act" shall mean Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of the Law.

"Event of Default" shall mean any event of default specified as such in the Trust Agreement.

"Federal Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the

right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Fiscal Year" shall mean the fiscal year of the Authority, which at the date of the Trust Agreement is the period commencing on July 1 in each calendar year and ending on June 30 in the following calendar year.

"Funds" shall mean, collectively, the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Cost of Issuance Fund and the Rebate Fund, including all accounts in the Trust Agreement.

"Independent Financial Consultant" shall mean a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom:

(1) is in fact independent and not under the domination of such Agency;

(2) does not have any substantial interest, direct or indirect, with such Agency; and

(3) is not connected with such Agency as a member, officer or employee of such Agency, but who may be regularly retained to make annual or other reports to such Agency.

"Insured Bonds" shall mean the County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds, Series 2014E maturing on December 15 in the years 2018 through 2023, inclusive.

"Interest Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Interest Payment Date" shall mean June 15 and December 15 in each year, commencing, with respect to the Bonds, on June 15, 2015.

"Local Obligations" shall mean, as the context requires, each or all of the following (in each case as such agreement or instrument may be amended from time to time): $6,985,000 original principal amount of Successor Agency to the Covina Redevelopment Agency Tax Allocation Refunding Bonds, Series 2014A (the "Covina Refunding Bonds").

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Officer's Certificate" shall mean a certificate signed by an Authorized Officer.

"Opinion of Bond Counsel" shall mean a legal opinion signed by Bond Counsel.

"Outstanding" shall mean, with respect to the Bonds and as of any date, the aggregate of Bonds authorized, issued, authenticated and delivered under the Trust Agreement, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to the provisions of the Trust Agreement as described under the caption "TERMS OF BONDS – Cancellation of Bonds;"

(b) Bonds deemed to have been paid as provided in the Trust Agreement; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the provisions of the Trust Agreement as described under the caption "DEFEASANCE – Bonds Deemed to Have Been Paid."

"Owner" shall mean, as of any date, the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register as of such date.

"Permitted Investments" shall mean any of the following to the extent then permitted by the general laws of the State of California applicable to investments by counties:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank, trust company or bank holding company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

- U.S. Treasury obligations
  All direct or fully guaranteed obligations
- Farmers Home Administration
  Certificates of beneficial ownership
- General Services Administration
  Participation certificates
- U.S. Maritime Administration
  Guaranteed Title XI financing
- Small Business Administration
  Guaranteed participation certificates
- Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
  GNMA-guaranteed mortgage-backed securities
  GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
  Local authority bonds

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board ("FHLB"); (b) the Federal Home Loan Mortgage Corporation ("FHLMC"); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm

Credit Bank ("FFCB"); (e) Government National Mortgage Association ("GNMA"); (f) Student Loan Marketing Association ("SLMA"); and (g) guaranteed portions of Small Business Administration ("SBA") notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by S&P, or Fitch and "A-1", "F1" or better rating for the issuer's short-term debt as provided by S&P or Fitch, respectively.

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of "A-1" or "F1" by S&P or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency.

(7) Certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P or Fitch.

(8) Pre-refunded municipal obligations rated "AAA" by S&P meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Repurchase agreements which have a maximum maturity of 30 days, or due on demand, and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(10) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA-" by S&P.

(11) Local Agency Investment Fund (established under Section 16429.1 of the California Government Code), provided that such investment is held in the name and to the credit of the Trustee, and provided further that the Trustee may restrict such investment if required to keep moneys available for the purposes of the Trust Agreement.

(12) Shares in a State of California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Prepayment" shall mean any amounts received with respect to a Local Obligation earlier than the time scheduled for payment resulting from an optional redemption of such Local Obligation (or portion thereof).

"Prepayment Account" shall mean the account by that name within the Revenue Fund established and maintained pursuant to the Trust Agreement.

"Principal Corporate Trust Office" shall mean the office of the Trustee in Los Angeles, California.

"Principal Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Principal Installment" shall mean, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds due on such date, if any.

"Principal Payment Date" shall mean December 15 of each year commencing December 15, 2015, and ending December 15, 2023.

"Rebate Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Rebate Instructions" shall mean those calculations and directions required to be delivered to the Trustee by the Authority pursuant to the respective Tax Certificate.

"Rebate Requirement" shall mean the Rebate Requirement defined in the respective Tax Certificate.

"Record Date" shall mean the close of business on the first (1st) day of the month preceding the month in which any Interest Payment Date occurs, whether or not such day is a Business Day.

"Redemption Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Related Documents" shall mean the Trust Agreement, the Agency Indenture, the Bonds, the Local Obligations and other transaction documents.

"Responsible Officer" shall mean any Vice-President, Assistant Vice-President, Trust Officer or other trust officer of the Trustee having regular responsibility for corporate trust matters.

"Revenue Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Revenues" shall mean all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund.

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

"S&P" shall mean Standard & Poor's Financial Services LLC and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally-recognized rating agency selected by the Authority.

"Secretary" shall mean the Secretary of the Authority.

"Securities Depository" shall mean, initially, The Depository Trust Company, New York, N.Y., or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as designated by the Trustee.

"Special Record Date" shall mean the date established by the Trustee pursuant to the Trust Agreement as a record date for the payment of defaulted interest on the Bonds.

"State" shall mean the State of California.

"Substitute Depository" shall mean the substitute depository as defined in the Trust Agreement.

"Supplemental Trust Agreement" shall mean any trust agreement supplemental to or amendatory of the Trust Agreement which is duly executed and delivered in accordance with the provisions of the Trust Agreement.

"Tax Certificate" shall mean each certificate, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Authority and the Agency on the date the Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

"Tax-Exempt" shall mean, with respect to interest on any obligations of a state or local government, including interest on the Bonds, that such interest is excluded from the gross income of the

holders thereof 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 other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Treasurer" shall mean the Treasurer of the Authority.

"Trust Agreement" shall mean the Trust Agreement, dated as of December 1, 2014, between the Authority and the Trustee, pursuant to which the Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

"Trustee" shall mean U.S. Bank National Association, a national banking association, in its capacity as trustee under the Trust Agreement and any other successor as trustee under the Trust Agreement.

"Trust Estate" shall have the meaning ascribed thereto in the granting clause of the Trust Agreement.

"Verification Report" shall mean a report of an independent firm of nationally recognized certified public accountants, or such other firm as shall be acceptable to the Bond Insurer, addressed to the Authority and the Trustee and the Bond Insurer, verifying the sufficiency of the escrow established to pay Bonds in full at maturity or on a redemption date.

"Written Request" or **"Written Order"** shall mean a written direction of the Authority to the Trustee signed by an Authorized Officer.

The Bonds

Authorization of Bonds. There shall be issued under and secured by the Trust Agreement bonds in the form of fully registered bonds as set forth in the Trust Agreement. Notwithstanding any other provision contained in the Trust Agreement, any interest not punctually paid or duly provided for, as a result of an Event of Default or otherwise, shall forthwith cease to be payable to the Owner on the Record Date and shall be paid to the Owner in whose name the Bond is authenticated at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners not less than ten (10) days prior to such Special Record Date.

Bonds Mutilated, Destroyed, Stolen or Lost. In the event any Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Authority may execute and, upon its request in writing, the Trustee shall authenticate and deliver a new Bond of the same principal amount and maturity as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for such mutilated Bond, or in lieu of and substitution for such lost, stolen or destroyed Bond.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds shall be made to the Trustee at the Principal Corporate Trust Office. In every case the applicant for a substitute Bond shall furnish to the Authority and the Trustee security or indemnification to their satisfaction. In every case of loss, theft or destruction of a Bond, the applicant shall also furnish to the Authority and the Trustee evidence to their satisfaction of the loss, theft or destruction and of the identity of the applicant, and in every case of mutilation of a Bond, the applicant shall surrender the Bond so mutilated.

Notwithstanding the foregoing provisions of the Trust Agreement as described under this heading ("−Bonds Mutilated, Destroyed, Stolen or Lost"), in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if

any, or interest on the Bonds, the Trustee may pay the same (without surrender thereof except in the case of a mutilated Bond) instead of issuing a substitute Bond so long as security or indemnification is furnished as above provided.

Upon the issuance of any substitute Bond, the Authority and the Trustee may charge the Owner of such Bond with their reasonable fees and expenses in connection therewith. Every substitute Bond issued pursuant to the provisions of the Trust Agreement as described under this heading ("–Bonds Mutilated, Destroyed, Stolen or Lost"), by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute an original additional contractual obligation of the Authority, whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Trust Agreement equally and proportionally with any and all other Bonds duly issued under the Trust Agreement to the same extent as the Bonds in substitution for which such Bonds were issued.

Transfer and Registration of Bonds. The Bonds may be transferred or exchanged and title thereto shall pass only in the manner provided in the provisions for registration set forth in the form of the Bond contained in the Trust Agreement as described under the heading "TERMS OF BONDS" and the Trustee shall keep books constituting the Bond Register for the registration and transfer of the Bonds as provided in the Trust Agreement. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or by his attorney duly authorized in writing and all such Bonds shall be surrendered to the Trustee and cancelled by the Trustee pursuant to the Trust Agreement. The Authority and the Trustee may deem and treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of the Trust Agreement, whether such Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and redemption premium, if any, on and interest on any Bond shall be made to such Owner or, if such Owner owns $1,000,000 or more in aggregate principal amount of the Bonds upon such Owner's written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Regulations with Respect to Exchanges or Transfers of Bonds. (i) In all cases in which the privilege of exchanging or registering the transfer of Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Trust Agreement. There shall be no charge to the Owner for any such exchange or registration of transfer of Bonds, but the Authority may require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer. Neither the Authority nor the Trustee shall be required to register the transfer of or exchange of any Bond on or after the fifteenth (15th) Business Day immediately preceding the date on which the notice of redemption is scheduled to be mailed and ending on the date scheduled for redemption or any Bond selected for redemption.

(a) Upon surrender for exchange or transfer of any Bond at the Principal Corporate Trust Office of the Trustee, the Authority shall execute (which may be by facsimile) and the Trustee shall authenticate and deliver in the name of the Owner (in the case of transfers) a new Bond or Bonds of Authorized Denominations, in the aggregate principal amount which the registered Owner is entitled to receive.

(b) New Bonds delivered upon any transfer or exchange shall be valid obligations of the Authority, evidencing the same debt as the Bonds surrendered, shall be secured by the Trust Agreement

and shall be entitled to all of the security and benefits under the Trust Agreement to the same extent as the Bonds surrendered.

Cancellation of Bonds. Upon the surrender to the Trustee of any temporary or mutilated Bond, such Bond surrendered for transfer or exchange, such Bonds purchased, redeemed or paid at maturity, the same shall forthwith be cancelled and the Trustee shall destroy such Bonds and upon written request of the Authority deliver a certificate of destruction with respect thereto to the Authority.

Bonds as Special Obligations. The Bonds shall be special obligations of the Authority, payable and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Trust Agreement, solely from the Trust Estate. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

No agreement or covenant contained in any Bond or the Trust Agreement shall be deemed to be an agreement or covenant of any officer, member, agent or employee of the Authority in his or her individual capacity and neither the members of the Authority nor any officer or employee thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of such Bonds.

Revenues and Funds

Establishment of Funds. There is established with the Trustee and the Trustee will agree to maintain the following special trust funds for the Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund (and the Debt Service Account and the Prepayment Account therein), the Interest Fund, the Principal Fund, the Cost of Issuance Fund, the Redemption Fund and the Rebate Fund.

Revenue Fund. (a) All Revenues, other than Revenues described in paragraph (b) below, received by the Trustee shall be deposited by the Trustee into the Debt Service Account within the Revenue Fund, which account is created by the Trust Agreement. The Trustee shall transfer Revenues from the Debt Service Account, in the amounts and at the times specified in the Trust Agreement for deposit into the following respective funds in the following order of priority, the requirements of each fund to be fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority:

(i) Interest Fund; and

(ii) Principal Fund.

(b) All Revenues derived from Prepayments, or the acceleration of amounts due on Local Obligations upon an event of default thereunder, received by the Trustee shall be deposited in the Prepayment Account within the Revenue Fund, which account is created by the Trust Agreement.

Amounts in the Prepayment Account shall be transferred as soon as practicable (and in any event prior to the next succeeding Interest Payment Date which is at least forty-five (45) days following receipt of such Prepayment) to the Redemption Fund to be used to redeem Bonds pursuant to the provisions of the Trust Agreement as described under the heading "REDEMPTION AND PURCHASE OF BONDS – Redemption of Bonds," subject to the terms of the provisions of the Trust Agreement as described under the heading "REDEMPTION AND PURCHASE OF BONDS – Purchase in Lieu of Redemption."

Interest Fund. The Trustee shall deposit in the Interest Fund not later than each Interest Payment Date from the Debt Service Account an amount of Revenues which together with any amounts then on deposit in said Fund is equal to the interest on the Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Bonds on such date from the Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Trust Agreement).

Principal Fund. The Trustee shall deposit in the Principal Fund not later than each Principal Payment Date from the Debt Service Account an amount of Revenues which together with any amounts then on deposit in said Fund is equal to the principal on the Bonds due on such date. On each Principal Payment Date, the Trustee shall pay the principal due and payable on the Bonds on such date from the Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying principal on Bonds as it shall become due and payable.

Cost of Issuance Fund. Moneys deposited in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance upon a Requisition of the Authority filed with the Trustee. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. In no event shall moneys from any other fund or account established under the Trust Agreement be used to pay Costs of Issuance. All payments from the Costs of Issuance Fund shall be reflected on the Trustee's regular accounting statements. At the end of twelve months from the date of issuance of the Bonds, or upon earlier receipt of a Written Order of the Authority stating that amounts in such fund are no longer required for the payment of Costs of Issuance, such fund shall be terminated and any amounts then remaining in such fund shall be transferred to the Agency Trustee for deposit in the tax increment fund (or similarly purposed fund if named differently) in proportion to the original amount deposited in the Cost of Issuance Fund by such Agency Trustee. The Trustee shall then close the Costs of Issuance Fund.

Redemption Fund. (a) All moneys held in or transferred to the Redemption Fund pursuant to the provisions of the Trust Agreement as described under paragraph (b) under the heading "REVENUES AND FUNDS – Revenue Fund," shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Bonds pursuant to the Trust Agreement.

(b) The Trustee shall use amounts in the Redemption Fund solely for the payment of the redemption price of Bonds called for redemption pursuant to the Trust Agreement or the purchase price of Bonds purchased pursuant to the Trust Agreement (accrued interest to the redemption or purchase date on such Bonds shall be paid from the Interest Fund).

Rebate Fund. The Trustee shall deposit in the Rebate Fund the Rebate Requirement all in accordance with Rebate Instructions received from the Authority. The Trustee will apply moneys held in the Rebate Fund as provided in the Trust Agreement as described under the heading "COVENANTS OF THE AUTHORITY – Tax Covenants" and according to instructions provided by the Authority. Subject to the provisions of the Trust Agreement as described under the heading "COVENANTS OF THE AUTHORITY – Tax Covenants," moneys held in the Rebate Fund are pledged by the Series 2014A Trust

Agreement to secure payments to the United States of America. The Authority and the Owners will have no rights in or claim to such moneys. The Trustee will invest all amounts held in the Rebate Fund in Permitted Investments as directed in writing by the Authority and all investment earnings with respect thereto shall be deposited in the Rebate Fund.

Upon receipt of the Rebate Instructions required by the Tax Certificate to be delivered to the Trustee, the Trustee will remit part or all of the balance held in the Rebate Fund to the United States of America as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as the Rebate Instructions shall direct. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority including supplying all necessary information in the manner provided in the respective Tax Certificate to the extent such information is reasonably available to the Trustee, and shall have no liability or responsibility to monitor or enforce compliance by the Authority with the terms of the respective Tax Certificate.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the provisions of the Trust Agreement as described under the heading "REVENUES AND FUNDS – Rebate Fund," other than from moneys held in the Rebate Fund or from other moneys provided to it by the Authority. The Trustee shall not be responsible for computing the Rebate Requirement. Computations of the Rebate Requirement shall be furnished to the Trustee or on behalf of the Authority in accordance with the respective Tax Certificate.

Notwithstanding any other provision of the Trust Agreement, including in particular the provisions of the Trust Agreement as described under the heading "DEFEASANCE," the obligation to remit the rebate amounts to the United States and to comply with all other requirements of the provisions of the Trust Agreement as described under the heading "REVENUES AND FUNDS – Rebate Fund," and the respective Tax Certificate shall survive the defeasance or payment in full of the Tax Exempt Bonds.

Security for and Investment of Moneys

Security. All moneys required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund) referred to in any provision of the Trust Agreement shall be held by the Trustee in trust, and except for moneys held for the payment or redemption of Bonds or the payment of interest on Bonds pursuant to the provisions of the Trust Agreement as described under the heading "DEFEASANCE," shall, while held by the Trustee, constitute part of the Trust Estate and shall be subject to the lien and pledge created by the Trust Agreement.

Investment of Funds. So long as the Bonds are Outstanding and there is no default under the Trust Agreement, moneys on deposit to the credit of the Revenue Fund, the Interest Fund, the Principal Fund, and the Cost of Issuance Fund and all accounts within such funds shall, at the request of an Authorized Officer, which may be telephonic if confirmed in writing within two (2) Business Days, specifying and directing that such investment of such funds be made, be invested by the Trustee in Permitted Investments, and moneys held in the Rebate Fund or the Redemption Fund shall, at the request of an Authorized Officer, which may be telephonic if confirmed in writing within two (2) Business Days, specifying and directing that such investment of such funds be made, be invested by the Trustee in Federal Securities, and the Trustee shall be entitled to rely on such instructions for purposes of the Trust Agreement as described under this heading ("−Investment of Funds"). If no such instructions are provided, the Trustee shall invest such funds in Permitted Investments described in clause (6) of the definitions thereof, and the Trustee shall thereupon immediately request investment instructions from the Authority. The Trustee shall not be responsible for any losses or consequences of any investment if it

follows such instructions in good faith. The Trustee and its affiliates may act as principal, agent, sponsor or otherwise with respect to any Permitted Investment.

The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund. If at any time it shall become necessary or appropriate that some or all of the securities purchased with the moneys in any such Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of the Trust Agreement, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same. The Trustee shall not be liable or responsible for any consequences resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as authorized pursuant to the provisions of the Trust Agreement as described under this heading ("–Investment of Funds").

Investments in the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, and the Cost of Issuance Fund may be commingled at the written direction of the Authority for purposes of making, holding and disposing of investments, notwithstanding provisions the Trust Agreement for transfer to or holding in particular Funds amounts received or held by the Trustee; provided, that the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided in the Trust Agreement.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Trust Agreement.

Covenants of the Authority

Payment of Bonds; No Encumbrances. The Authority shall cause the Trustee to promptly pay, from related Revenues and other funds derived from the Trust Estate pledged under the Trust Agreement, the principal of and redemption premium, if any, and the interest on every Bond issued under and secured by the Trust Agreement at the place, on the dates and in the manner specified in the Trust Agreement and in such Bonds according to the true intent and meaning thereof. The Authority shall not issue any bonds, notes or other evidences of indebtedness or incur any obligations payable from or secured by the Trust Estate, other than the Bonds.

Enforcement and Amendment of Local Obligations. The Authority shall enforce all of its rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners under the Trust Agreement. The Authority covenants to take such actions as may be reasonable and necessary to compel the County Auditor-Controller to comply with the irrevocable direction of the Agency Participant to transfer to an account of the Agency Participant, held by the Agency Trustee under the Agency Indenture, all amounts set forth in any duly approved Recognized Obligation Payment Schedule ("ROPS") with respect to principal and interest payments due on the Local Obligations and any senior and/or parity obligations, and any deficiency in the related reserve accounts for such Local Obligations and parity obligations related thereto.

The Authority and the Trustee may, without the consent of or notice to the Owners, consent to any amendment, change or modification of any Local Obligation that may be required (a) to conform to the provisions of the Trust Agreement (including any modifications or changes contained in any Supplemental Trust Agreement), (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein which is not to the material prejudice of

the Trustee or the owners of the Bonds pursuant to an Opinion of Bond Counsel, or (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Tax Exempt Bonds from federal income taxes or the exemption from California personal income tax. So long as the Bond Insurer shall be in compliance with its payment obligations under the Bond Insurance Policy, the Bond Insurer shall be deemed to be the sole owner of the Local Obligations for purposes of such consent.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to any amendment, change or modification of any Local Obligation without the mailing of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as in the Trust Agreement as described under this heading ("– Enforcement and Amendment of related Local Obligations"). If at any time the Authority or the Agency, as the case may be, shall request the consent of the Trustee to any such proposed amendment, change or modification of a Local Obligation, the Trustee shall, upon being satisfactorily indemnified with respect to reasonable expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided by the Trust Agreement as described under the heading "MISCELLANEOUS − Notice." Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Owners. Nothing contained in the Trust Agreement as described under this heading ("− Enforcement and Amendment of related Local Obligations") shall be construed to prevent the Trustee, with the consent of the Authority, from settling a default under any related Local Obligation on such terms as the Trustee may determine to be in the best interests of the Owners.

Further Documents. The Authority covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of the Trust Agreement; provided, that no such instruments or actions shall pledge the faith and credit or the taxing power of the Authority, any member of the Authority, any Agency, any City, the County of Los Angeles, the State of California, or any political subdivision thereof.

Tax Covenants.

(a) The Authority will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds under Section 103 of the Code. The Authority will not directly or indirectly use or permit the use of any proceeds of the Tax-Exempt Bonds or any other funds of the Authority or take or omit to take any action that would cause the Tax-Exempt Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. The Authority will not allow ten percent (10%) or more of the proceeds of the Tax-Exempt Bonds to be used in the trade or business of any nongovernmental units and will not lend five percent (5%) or more of the proceeds of the Tax-Exempt Bonds to any nongovernmental units.

(b) The Authority will not directly or indirectly use or permit the use of any proceeds of the Tax-Exempt Bonds or any other funds of the Authority to take or omit to take any action that would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Authority will comply with all requirements of Section 148 of the Code to the extent applicable to the Tax-Exempt Bonds. In the event that at any time the Authority is of the opinion that for purposes of the provisions of the Trust Agreement as described under this heading ("− Tax Covenants") it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Authority will so instruct the Trustee in writing, and the Trustee will take such actions as directed by such instructions.

(c) The Authority will pay or cause to be paid the Rebate Requirement as provided in the respective Tax Certificate. The provisions of the Trust Agreement as described under this heading ("− Tax Covenants") shall survive payment in full or defeasance of the Tax-Exempt Bonds. The Authority will cause the Rebate Requirement to be deposited in the Rebate Fund as provided in the respective Tax Certificate (which is incorporated in the Trust Agreement by reference).

The Trustee will conclusively be deemed to have complied with the provisions of the Trust Agreement as described under this heading ("− Tax Covenants") including the provisions of the respective Tax Certificate if it follows the directions of the Authority set forth in the respective Tax Certificate and the Rebate Instructions and shall not be required to take any actions under the Trust Agreement in the absence of Rebate Instructions from the Authority.

(d) Notwithstanding any provision of the Trust Agreement as described under this heading ("− Tax Covenants"), if the Authority shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under the provisions of the Trust Agreement as described under this heading ("− Tax Covenants") is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Tax Exempt Bonds, the Trustee and the Authority may conclusively rely on such Opinion in complying with the requirements of the Trust Agreement as described under this heading ("− Tax Covenants"), and the covenants under the Trust Agreement shall be deemed to be modified to that extent.

(e) The provisions of the Trust Agreement as described under the heading "− Tax Covenants" shall survive the defeasance of the Tax Exempt Bonds.

Maintenance of Existence. The Authority shall maintain its existence, powers and authority as a joint powers authority under California law.

Continuing Disclosure. So long as any of the Bonds are Outstanding, the Authority covenants and will agree that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement for which it has assumed responsibility as Dissemination Agent. Notwithstanding any other provision of the Trust Agreement, failure of the Authority or the Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, the Trustee (at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Bondowners or Beneficial Owners of at least 25% aggregate principal amount of Bonds Outstanding, shall take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Agency to comply with its obligations under this paragraph and the Continuing Disclosure Agreement. For purposes of this paragraph, "Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Notifications Required by the Act. The Trustee shall notify the Authority in writing if the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds and shall notify the Authority in writing of any withdrawal of funds from any reserve fund to pay principal and interest on a Local Obligation, as applicable, and, in accordance with Section 6599.1(c) of the Act, the Authority shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal, as applicable, within 10 days of the failure or withdrawal, as applicable.

Defaults and Remedies

Events of Default. The following shall constitute "Events of Default" under the Trust Agreement:

(a) if payment of interest on the Bonds shall not be made when due; or

(b) if payment of any Principal Installment shall not be made when due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise; or

(c) if the Authority shall fail to observe or perform in any material way any agreement, condition, covenant or term contained in the Trust Agreement on its part to be performed, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority by the Trustee or by the Owner(s) of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, provided, that if such default (other than a default arising from nonpayment of the Trustee's fees and expenses) be such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within such thirty (30) day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

(d) the Authority or any Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Within five Business Days after obtaining actual knowledge of the occurrence of an Event of Default, the Trustee shall notify the Bond Insurer thereof. "Actual knowledge" shall mean the actual knowledge of a Responsible Officer of the Trustee.

Action on Default. Upon the happening and continuance of any Event of Default, the Trustee in its discretion may, or at the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall upon notice in writing to the Authority, take whatever action at law or in equity as may appear necessary or desirable to protect and enforce any of the rights vested in the Trustee or the Owners by the Trust Agreement or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the Trust Agreement.

Other Remedies of the Trustee. Subject to the provisions of the Agency Indenture, during the continuance of an Event of Default, the Trustee shall have the right to do the following:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;

(b) bring suit upon or otherwise enforce any defaulting Local Obligation;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and

(e) take such action with respect to any and all Local Obligations or Permitted Investments as the Trustee shall deem necessary and appropriate, subject to the Trust Agreement and to the terms of such Local Obligations or Permitted Investments.

Effect of Discontinuance or Abandonment. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Trustee and the Owners shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Rights of Owners. Anything in the Trust Agreement to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in the Trust Agreement, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement.

The Trustee may refuse to follow any direction that conflicts with applicable laws, the Trust Agreement or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability without adequate indemnification therefor.

Restriction on Owner's Action. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Trust Agreement under the heading "DEFAULTS AND REMEDIES," no Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Trust Agreement, or any other remedy under the Trust Agreement or on the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as provided in the Trust Agreement and unless the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Trust Agreement, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are by the Trust Agreement declared in every such case to be conditions precedent to the execution of the trusts of the Trust Agreement or for any other remedy under the Trust Agreement, it being understood and intended that no one or more Owners of the Bonds secured by the Trust Agreement shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Trust Agreement, or to enforce any rights under the Trust Agreement or under the Bonds, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Trust Agreement, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of this paragraph. Notwithstanding the foregoing provisions of this paragraph, the obligation of the Authority shall be absolute and unconditional to pay, but solely from the Trust Estate, the principal of and the redemption premium, if any, and the interest on the Bonds to the respective Owners thereof at the respective due dates thereof, and nothing in the Trust Agreement shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment. This section is

subject in all respects to the provisions of the Trust Agreement as described under the heading "MISCELLANEOUS – Bond Insurance Payment and Reimbursement Provisions."

Power of Trustee to Enforce. All rights of action under the Trust Agreement or under any of the Bonds secured by the Trust Agreement which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners subject to the provisions of the Trust Agreement.

Remedies Not Exclusive. No remedy in the Trust Agreement conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement or hereafter existing at law or in equity or by statute.

Waiver of Events of Default; Effect of Waiver. Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds the Trustee shall waive any Event of Default under the Trust Agreement and its consequences. The Trustee may waive any Event of Default under the Trust Agreement and its consequences at any time. If any Event of Default shall have been waived as provided in the Trust Agreement, the Trustee shall promptly give written notice of such waiver to the Authority and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by the provisions of the Trust Agreement as described under the heading "DEFAULTS AND REMEDIES" to the Trustee and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

This section is subject in all respects to the provisions of the Trust Agreement as described under the heading "MISCELLANEOUS – Bond Insurance Payment and Reimbursement Provisions."

Application of Moneys. Any moneys received by the Trustee pursuant to the provisions of the Trust Agreement as described under the heading "DEFAULTS AND REMEDIES" shall, after payment of all fees and expenses of the Trustee, and the reasonable fees and expenses of its outside counsel, if any, incurred in connection with the performance of the Trustee's duties under the Trust Agreement, be applied as follows:

(a) to the payment of the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

(b) to the payment of the Owners entitled thereto of the unpaid principal of and redemption premium, if any, and any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Agreement) in the order of their due dates, and if the amount available

shall not be sufficient to pay in full the principal of and redemption premium, if any, on such Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the Persons entitled thereto without any discrimination or privilege; and

(c) to be held for the payment to the Owners entitled thereto as the same shall become due of the principal of and redemption premium, if any, on and interest on the Bonds which may thereafter become due, either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full such principal and redemption premium, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with paragraphs (a) and (b) above.

Whenever moneys are to be applied pursuant to the provisions of the Trust Agreement as described under this heading ("− Application of Moneys"), such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The Trustee shall give prompt notice to the Owner of the deposit with it of any such moneys.

The Trustee

Duties, Immunities and Liability of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Trust Agreement, and no implied duties or obligations shall be read into the Trust Agreement against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise as a reasonable individual would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may, in the absence of an Event of Default, and upon receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or upon receipt of a written request of the Bond Insurer stating good cause, or upon receipt of a written request of the Bond Insurer following an Event of Default (irrespective of cause), or if at any time the Trustee shall cease to be eligible in accordance with paragraph (e) below, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, shall, remove the Trustee by giving written notice of such removal to the Trustee, and thereupon the Authority shall promptly appoint a successor Trustee by an instrument in writing. The Authority shall promptly notify the Bond Insurer of any such removal and appointment.

(c) The Trustee may, subject to paragraph (d) below, resign by giving written notice of such resignation to the Authority and the Bond Insurer and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing, and shall notify the Bond Insurer of such appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee

shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee and the Bond Insurer a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Trust Agreement; but, nevertheless, at the written request of the Authority or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Trust Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Trust Agreement. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this paragraph, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts under the Trust Agreement by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

(e) Any Trustee appointed under the provisions of the Trust Agreement as described under the heading "THE TRUSTEE – Duties, Immunities and Liability of Trustee" shall be a trust company or bank having the powers of a trust company or authorized to exercise trust powers, having a corporate trust office in California, having (or in the case of a bank, trust company or bank holding company which is a member of a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such bank, trust company or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of such bank, trust company or bank holding company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in the provisions of the Trust Agreement as described under the heading "THE TRUSTEE – Duties, Immunities and Liability of Trustee."

(f) No provision in the Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement unless the Owners shall have offered to the Trustee security or indemnity it deems reasonable, against the costs, expenses and liabilities that may be incurred.

(g) In accepting the trust created by the Trust Agreement, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(h) The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Authority of the funds under the Trust Agreement including, without limitation, the purchase of the Local Obligations under the Trust Agreement.

(i) The Trustee shall not be responsible for the validity or effectiveness or value of any collateral or security securing any Local Obligation. The Trustee shall not be responsible for the recording or filing of any document relating to the Trust Agreement or any Local Obligation or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing any Local Obligation. The Trustee shall not be deemed to have made representations as to the security afforded thereby or as to the validity, sufficiency or priority of any such document, collateral or security of the Bonds.

(j) The Trustee shall not be deemed to have knowledge of any Event of Default under the Trust Agreement unless and until a Responsible Officer shall have actual knowledge thereof at the Trustee's Principal Corporate Trust Office.

(k) The Trustee shall not be accountable for the use or application by the Authority or any other party of any funds which the Trustee has released under the Trust Agreement.

(l) The Trustee shall provide a monthly accounting of all Funds held pursuant to the Trust Agreement to the Authority within fifteen (15) Business Days after the end of each month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions made by the Trustee during the accounting period and the balance in any Funds and accounts created under the Trust Agreement as of the beginning and close of such accounting period.

(m) All moneys received by the Trustee shall, until used or applied or invested as provided in the Trust Agreement, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The permissive rights of the Trustee to do things enumerated in the Trust Agreement shall not be construed as a duty unless so specified in the Trust Agreement.

(o) The Trustee may appoint and act through an agent and shall not be responsible for any misconduct or negligence of any such agent appointed with due care.

Liability of Trustee. The recitals of facts in the Trust Agreement and in the Bonds contained shall be taken as statements of the Authority, and the Trustee does not assume any responsibility for the correctness of the same, and does not make any representations as to the validity or sufficiency of the Trust Agreement or of the Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Bonds assigned to or imposed upon it; provided, that the Trustee shall be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner of Bonds with the same rights it would have if it were not Trustee under the Trust Agreement, and, to the extent permitted by law, may act as depository for and permit any of its officers, directors and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Trust Agreement) of the Bonds then Outstanding. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Trust Agreement) of the Outstanding Bonds relating to the time, method and place of conducting any

proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Trust Agreement. Whether or not therein expressly so provided, every provision of the Trust Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Trust Agreement described under the heading "THE TRUSTEE." All indemnifications and releases from liability granted in the Trust Agreement to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

Indemnity for Trustee. Before taking any action or exercising any rights or powers under the Trust Agreement, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

Modification of Trust Agreement and Supplemental Trust Agreement

Supplemental Trust Agreement Without Consent of Owners. The Authority may, without the consent of the Owners, enter into any Supplemental Trust Agreement, which thereafter shall form a part of the Trust Agreement, for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Authority contained in the Trust Agreement other agreements and covenants thereafter to be observed, or to surrender any right or power in the Trust Agreement reserved to or conferred upon the Authority; provided, that no such agreement, covenant or surrender shall materially adversely affect the rights of any Owner;

(b) to cure any ambiguity, to supply any omission or to cure, correct or supplement any defect or inconsistent provisions contained in the Trust Agreement or in any Supplemental Trust Agreement;

(c) to make any change which does not materially adversely affect the rights of any Owner;

(d) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(e) to subject to the Trust Agreement additional collateral or to add other agreements of the Authority;

(f) to modify the Trust Agreement or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(g) to make any change necessary or appropriate to accommodate changes to the Dissolution Act; provided, that no such change shall permit the creation by the Authority of any lien prior to or on a parity with the lien of the Trust Agreement upon the Trust Estate or which will affect the times, amounts and currency of payment of the principal of or the redemption premium, if any, on or the interest on the Bonds;

(h) to evidence the succession of a new Trustee; or

(i) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Tax Exempt Bonds from federal income taxes or the exemption from California personal income tax.

The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, any particular Bond would be affected by any such modification or amendment of the Trust Agreement and any such determination shall be binding and conclusive on the Authority and all Owners of Bonds. For all purposes of the provisions described in the Trust Agreement described under the heading "MODIFICATION OF TRUST AGREEMENT AND SUPPLEMENTAL TRUST AGREEMENT – Supplemental Trust Agreement Without Consent of Owners," the Trustee shall be entitled to rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel, in form and substance satisfactory to it, with respect to the extent, if any, to which any action affects the rights under the Trust Agreement of any Owner. Notwithstanding anything to the contrary in the Trust Agreement described under this heading "− Supplemental Trust Agreement Without Consent of Owners"), the written consent of the Bond Insurer shall be required prior to any amendment for the purposes set forth in paragraphs (b) or (c) above.

Trustee Authorized to Enter into Supplemental Trust Agreement. The Trustee is authorized to enter into any Supplemental Trust Agreement with the Authority authorized or permitted by the terms of the Trust Agreement, and to make the further agreements and stipulations which may be therein contained, and for all purposes of this paragraph, the Trustee shall be entitled to rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel, in form and substance satisfactory to it, to the effect that such Supplemental Trust Agreement is authorized or permitted by the provisions of the Trust Agreement.

Supplemental Trust Agreements With Consent of Owners. Any modification or alteration of the Trust Agreement or of the rights and obligations of the Authority or of the Owners of the Bonds may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and the consent of the Bond Insurer; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Bonds the consent of the Owners of which is required for any such modification or alteration, or permit the creation by the Authority of any lien prior to or on a parity with the lien of the Trust Agreement upon the Trust Estate or which will affect the times, amounts and currency of payment of the principal of or the redemption premium, if any, on or the interest on the Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

Notice and Information Requirements. The Authority shall deliver a copy of any modification or amendment to the Trust Agreement to the Bond Insurer and S&P at least ten days prior to the effective date thereof. After the effective date, the Authority shall deliver to the Bond Insurer a full transcript of the original documents and proceedings relating to such modification or amendment.

Defeasance

Defeasance. (a) If (i) the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Trust Agreement, and (ii) all other amounts due and payable under the Trust Agreement shall have been paid, then the Owners shall cease to be entitled to the lien created by the Trust Agreement, and all agreements, covenants and other obligations of the Authority under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or

deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of paragraph (a) above, when any Bond shall have been paid and if, at the time of such payment, the Authority shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Trust Agreement required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Trust Agreement shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the lien created by the Trust Agreement, and all agreements, covenants and other obligations of the Authority under the Trust Agreement shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Trust Agreement or the discharge and satisfaction of the Trust Agreement in respect of any Bond, for as long as any Bond remain outstanding those provisions of the Trust Agreement relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due.

Bonds Deemed to Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the provisions of the Trust Agreement described under the heading "DEFEASANCE - Defeasance." Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the provisions of the Trust Agreement described under the heading "DEFEASANCE - Defeasance" if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Trust Agreement described under the heading "REDEMPTION AND PURCHASE OF BONDS – Notice of Redemption," notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the provisions of the Trust Agreement described under the heading "REDEMPTION AND PURCHASE OF BONDS – Notice of Redemption," (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the provisions of the Trust Agreement described under this heading ("− Bonds Deemed to Have Been Paid") and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond. Neither the money nor the Federal Securities deposited with the Trustee pursuant to this paragraph (a) in connection with the deemed payment of Bonds, nor principal or interest payments on any such Federal Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii)(B) of paragraph (a) above unless the Authority shall cause to be delivered (A) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority and the Trustee, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of paragraph (a) above resulting in such deemed payment, which escrow agreement shall provide that no substitution of Federal Securities shall be permitted except with other Federal Securities and upon delivery of a new Verification Report and no reinvestment of Federal Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an Opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Authority and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Trust Agreement, and all agreements, covenants and other obligations of the Authority under the Trust Agreement as to such Bond have ceased, terminated, become void and been completely discharged and satisfied. Such deliverables shall also be addressed to the Bond Insurer.

(c) The Trustee may seek and is entitled to rely upon (i) an Opinion of Bond Counsel reasonably satisfactory to the Trustee to the effect that the conditions precedent to a deemed payment pursuant to clause (ii) of paragraph (a) above have been satisfied, and (ii) such other opinions, certifications and computations, as the Trustee may reasonably request, of accountants or other financial consultants concerning the matters described in paragraph (b) above.

Miscellaneous

Dissolution of Authority. In the event of the dissolution of the Authority, all the agreements, conditions, covenants and terms contained in the Trust Agreement by or on behalf of, or for the benefit of, the Authority shall bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority shall be transferred.

Parties Interested in the Trust Agreement. Except as in the Trust Agreement otherwise specifically provided, nothing in the Trust Agreement expressed or implied is intended or shall be construed to confer upon any Person other than the Authority, the Trustee and the Owners of the Bonds issued under the Trust Agreement and the Bond Insurer any right, remedy or claim under or by reason of the Trust Agreement, the Trust Agreement being intended to be for the sole and exclusive benefit of the Authority, the Trustee and the Owners of the Bonds issued under the Trust Agreement and the Bond Insurer.

Severability of Invalid Provisions. If any clause, provision or section of the Trust Agreement is held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections of the Trust Agreement, and the Trust Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in the Trust Agreement.

Governing Law. The Trust Agreement shall be governed as to validity, construction and performance by the laws of the State.

Non-Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Trust Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

Limitation of Liability. The Authority shall not be obligated to make any payments required under the Trust Agreement or under any Bond, or be deemed to incur any liability under the Trust Agreement or arising out of any of the transactions contemplated by the Trust Agreement, payable from any funds or assets other than the Trust Estate as provided in the Trust Agreement. The Bonds and the obligation to pay principal of and interest thereon and any redemption premium with respect thereto will not constitute indebtedness or an obligation of the Authority, the members and officers of the Authority, any Agency, any City, the County of Los Angeles, the State of California or any other political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be a special obligation of the Authority, payable solely from the Trust Estate duly pledged therefor. Neither the faith and credit nor the taxing power of the Authority, any member of the Authority, any Agency, any City, the County of Los Angeles, the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Unclaimed Money. Anything contained in the Trust Agreement to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on, or principal or prepayment premium, if any, of any Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date such amounts have become payable shall be paid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such amounts; provided, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, give notice by first class mail to all Owners and to the Securities Depository and the MSRB that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Authority.

Moneys Held for Particular Bonds. The money held by the Trustee for the payment of the principal of or premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Trust Agreement as described under the heading "MISCELLANEOUS – Unclaimed Money," but without any liability for interest thereon.

Bond Insurance Payment and Reimbursement Provisions. The following provisions shall govern in the event of a conflict with any contrary provision of the Trust Agreement.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to the Bond Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

In accordance with the Agency Indenture, the Agency Trustee shall telephonically notify Authority Trustee on 3rd Business Day and again 2nd Business day, confirmed by fax/email, prior to each Interest Payment Date if there is an insufficiency of funds on deposit with the Agency Trustee. The Authority Trustee shall give the notice and claim to Bond Insurer if it has been notified by the Agency Trustee of the insufficiency of funds on deposit with the Agency Trustee for the upcoming payment to Authority Trustee.

The Trustee shall designate any portion of payment of principal on Insured Bonds paid by the Bond Insurer, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Bond shall have no effect on the amount of principal or interest payable by the Authority on any Insured Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to in this Appendix E and in the Trust Agreement as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Insured Bonds under the sections of the Trust Agreement regarding payment of Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Trust Agreement to the contrary, the Authority will agree to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Bond Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum, each including from amounts paid to the Authority by the Agency to the extent allocable to unpaid debt service on the related Local Obligations (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3.00%, and (ii) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority will covenant and agree that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Insured Bonds, payable solely from the Trust Estate.

Funds held in the Policy Payments Account under the Trust Agreement shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a bond payment date shall promptly be remitted to the Bond Insurer.

The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy. Each obligation of the Authority to the Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

The Authority shall pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Agreement or any other Related Document.

After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority only after the payment of past due and current debt service on the Insured Bonds.

The Bond Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Trust Agreement, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

The rights granted to the Bond Insurer under the Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Bond Insurer.

Amounts paid by the Bond Insurer under the Bond Insurance Policy shall not be deemed paid for purposes of the Trust Agreement and the Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Trust Agreement. The Trust Agreement shall not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Trust Agreement would adversely affect the security for the Insured Bonds or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Bond Insurance Policy.

The Bond Insurer shall be deemed to be the sole holder of the Bond Insured for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Trust Agreement pertaining to (i)

defaults and remedies and (ii) the duties and obligations of the Trustee. Remedies granted to the Bondholders shall expressly include mandamus.

No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.

So long as the Bond Insurer shall be in compliance with its payment obligations under the Bond Insurance Policy, the Trustee and each Bondholder appoint the Bond Insurer as their agent and attorney-in-fact and agree that, to the proportionate extent that the Insured Bonds represent a share of the aggregate principal amount of outstanding Bonds and otherwise with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds (other than the Insured Bonds) then Outstanding, the Bond Insurer may at any time during the continuation of any proceeding by or against the Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Bondholder delegate and assign to the Bond Insurer, to the fullest extent permitted by law and to the proportionate extent that the Insured Bonds represent a share of the aggregate principal amount of outstanding Bonds and otherwise with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds (other than the Insured Bonds) then Outstanding, the rights of the Trustee and each Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

Any interest rate exchange agreement ("Swap Agreement") entered into by the Authority and/or Agency with respect to the Bonds or Local Obligations shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Bond Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Insured Bonds and on any debt on parity with the Bonds. The Authority and/or Agency shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the Bond Insurer prior to the payment of any such termination amount that such payment will not cause the Authority and/or Agency to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's (S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Bond Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baal" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the Bond Insurer, shall be required.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2014 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, proposes to render its final opinion in substantially the following form with respect to the Series 2014 Bonds:

[Date of Delivery]

County of Los Angeles Redevelopment Refunding Authority
Los Angeles, California

County of Los Angeles Redevelopment Refunding Authority
Tax Allocation Revenue Refunding Bonds, Series 2014E
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles Redevelopment Refunding Authority (the "Authority") in connection with the issuance of its County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds, Series 2014E (the "Series 2014E Bonds"), in the aggregate principal amount of $6,985,000, issued pursuant to a Trust Agreement relating to the Series 2014E Bonds, dated as of December 1, 2014 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Indenture, dated as of December 1, 2014 (the "Agency Indenture") by and between the Agency Participant and U.S. Bank National Association, as trustee, the Trust Agreement, the Tax Certificate of the Authority, dated the date hereof, relating to the Series 2014E Bonds and the tax certificate of the Agency Participant, dated the date hereof relating to the Local Obligations (collectively, the "Tax Certificate"), opinions of counsel to the Authority, the Agency Participant, the Trustee and others, certificates of the Authority, the Agency Participant, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2014E Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have

assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Agency Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2014E Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Series 2014E Bonds, the Trust Agreement, the Local Obligations, the Agency Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or 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 joint powers authorities and successor agencies to former redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Trust Agreement or the Agency Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2014E Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2014E Bonds constitute the valid and binding special obligations of the Authority, payable solely from the Revenues and the other assets pledged therefor under the Trust Agreement.

2. The Trust Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Authority.

3. The Agency Indenture and the Local Obligations issued thereunder have been duly executed and delivered by, and constitute valid and binding obligations of, the Agency Participant.

4. Interest on the Series 2014E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Series 2014E Bonds is exempt from State of California personal income taxes. Interest on the Series 2014E Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014E Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of December 1, 2014 (this "Disclosure Agreement"), is by and between the COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority") and the SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (as successor agency to the Covina Redevelopment Agency, the "Agency"), in connection with the issuance of the Authority's Tax Allocation Revenue Refunding Bonds, Series 2014E (the "Authority Bonds") pursuant to a Trust Agreement, dated as of December 1, 2014 (the "Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "Authority Trustee").

W I T N E S S E T H :

WHEREAS, the County of Los Angeles (the "County") has developed a program (the "Refunding Program") to assist the successor agencies to former community redevelopment agencies within the County to refund tax increment obligations pursuant to California Assembly Bill 1484 (Stats 2012 c. 26) ("AB 1484") in order to provide debt service savings to successor agencies and to increase property tax revenues available for distribution to affected taxing entities, including the County; and

WHEREAS, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing certain local obligations issued by certain local agencies and other purposes, including refunding any of its then-outstanding bonds, and the purchase of tax allocation obligations issued by said successor agencies as described in Section 34173 of the California Health and Safety Code; and

WHEREAS, the Authority has determined to issue the Authority Bonds in order to provide funds to acquire certain local obligations issued by the Agency in order to assist the Agency in refunding outstanding bonds or other indebtedness pursuant to AB 1484; and

WHEREAS, the Agency has issued its Successor Agency to the Covina Redevelopment Agency, Tax Allocation Refunding Bonds, Series 2014A (the "Refunding Bonds") pursuant to an Indenture of Trust, dated as of December 1, 2014 (the "Indenture"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Agency Trustee"), as may be amended or supplemented in accordance with its terms; and

WHEREAS, such Refunding Bonds will be secured by a pledge of, and lien on, and shall be repaid from property tax revenues pledged under the Indenture; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority and the Agency for the benefit of the holders and beneficial owners of the Authority Bonds and in order to assist the underwriters of the Authority Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement or the Indenture, as applicable.

"Annual Report" means any Annual Report provided by the Agency pursuant to, and as described in, Sections 2 and 3 hereof.

"Annual Report Date" means the date in each year that is the first day of the month following the eighth month after the end of the Agency's fiscal year, which date, as of the date of this Disclosure Agreement, is March 1.

"Agency" means the Successor Agency to the Covina Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

"Agency Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, or any successor thereto as trustee thereunder, substituted in its place as provided thereunder.

"Authority" means the County of Los Angeles Redevelopment Refunding Authority duly organized and existing under and pursuant to the laws of the State of California and a Joint Exercise of Powers Agreement, dated August 6, 2013, between the Los Angeles County Public Works Financing Authority and the County.

"Authority Trustee" means U.S. Bank National Association, as trustee under the Trust Agreement, or any successor trustee substituted in its place as provided thereunder.

"Bonds" means, collectively, the Authority Bonds and the Refunding Bonds.

"City" means the City of Covina, California.

"County" means the County of Los Angeles, a political subdivision of the State of California.

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

"Disclosure Representative" means the City Manager or the Finance Director of the City, the Executive Director of the Agency, or such other officer as the City Manager or Finance Director of the City shall designate in writing to the Authority and the Dissemination Agent (if other than the Authority) from time to time.

"Dissemination Agent" means the Authority, acting solely in its capacity as Dissemination Agent hereunder, or any successor dissemination agent designated in writing by the Authority and which has filed with the Authority and the Agency a written acceptance of such designation.

"Listed Events" means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated December 17, 2014, relating to the Authority Bonds.

"Participating Underwriter" means any of the original underwriters of the Authority Bonds required to comply with the Rule in connection with the offering of the Authority Bonds.

"Project Area" shall have the meaning specified in Appendix A to the Official Statement.

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

Section 2. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2014-15 Fiscal Year. Notwithstanding the foregoing, to satisfy the annual reporting requirement for the 2013-14 Fiscal Year, the Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB a copy of the Official Statement and the audited financial statements of the Agency for the 2013-14 Fiscal Year in accordance with Section 3(a) hereof. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Agency, if any, 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 they are not available by that date. If the Agency's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Authority Bonds by name and CUSIP number. The Dissemination Agent, on behalf of the Agency, shall obtain from the County and shall provide the Agency with the information specified in Exhibit B for inclusion in the Annual Report not later than 30 days prior to the date specified in this subsection (a).

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency and the Authority to determine if the Agency is in compliance with the first sentence of subsection (a) of this Section.

(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) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Authority and the Agency certifying the filing date and that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement.

Section 3. <u>Content of Annual Reports</u>. The Annual Report shall contain or include by reference the following:

(a) The Agency's audited financial statements, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements in a format similar to that used for the audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Agency, substantially similar to that provided in the corresponding tables relating to the Agency and the Project Area in Appendix A to the Official Statement:

(i) An update of the ten largest assessees in substantially the format of Table A-2 of Appendix A to the Official Statement for the current fiscal year;

(ii) An update of taxable assessed and incremental values in substantially the format of Table A-3 of Appendix A to the Official Statement including the current fiscal year;

(iii) An update of tax levy, total collections and total collections as a percentage of the tax levy in substantially the format of Table A-4 of Appendix A to the Official Statement including the most recent fiscal year;

(iv) An update of the number of pending appeals, the combined values of pending appeals, the number of resolved appeals and resulting reduction of value provided in Table A-5 of Appendix A to the Official Statement as of the most recent fiscal year;

(v) An entry in substantially the format of the entries in Table A-7 of Appendix A to the Official Statement reflecting Tax Revenues of the most recent fiscal year;

(vi) An entry in substantially the format of the entries in Table A-9 of Appendix A to the Official Statement reflecting the aggregate debt service coverage of the most recent fiscal year;

(vii) If applicable in furtherance of an Agency covenant regarding Redevelopment Plan limits, amount of all Agency debt outstanding secured by a pledge of the Tax Revenues and cumulative amount of Tax Revenues available to the Agency to date: (A) a statement of annual debt service remaining to be paid on all Outstanding Bonds and Parity Obligations and the amount of Tax Revenues which the Agency is permitted to receive under its Redevelopment Plan, (B) the amount of tax increment revenues allocated to the Agency during the one year period covered by the statement, and (C) the amount, if any, to be used or escrowed for use to pay principal and interest on Refunding Bonds and any Parity Debt; and

(viii) If applicable, a summary statement and certification, prepared on or before the previous September 1, of the amounts applied in making the calculations pursuant to paragraph (b)(1) of Section 6.09 of the Indenture and a copy of any plan delivered in accordance with paragraph (b)(2) of Section 6.09 of the Indenture.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b) of this Section, the 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 described above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Bonds, and hereby authorizes the Dissemination Agent to give, or cause to be given, with respect to the Bonds, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

For purposes of each event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Bonds, and hereby authorizes the Dissemination Agent to give, or cause to be given, with respect to the Bonds, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds.

(ii) Modifications to rights of holders of the Bonds.

(iii) Optional, unscheduled or contingent Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Dissemination Agent shall, within one business day of obtaining knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Agency shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that the occurrence of a Listed Event described in subsection (b) of this Section is material under subsection (d) of this Section, the Agency shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section and in paragraph (vii) of subsection (a) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Authority Bonds pursuant to the Trust Agreement.

Section 5. <u>Format for Filings with MSRB</u>. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted as prescribed by the MSRB in electronic format.

Section 6. <u>Termination of Reporting Obligation</u>. The obligations of the Agency and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Authority Bonds relating to the Refunding Bonds or the legal

defeasance, prior redemption or payment in full of all of the Refunding Bonds, if earlier. If such termination occurs prior to the final principal payment date of the Authority Bonds, the Agency or the Dissemination Agent, on behalf of the Agency, shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent (if the Authority is not the Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent (if other than the Authority or the Authority Trustee), with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Authority and the Agency.

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

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsections (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Authority Bonds, or the 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 Authority 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 (i) is approved by holders of the Authority Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders or beneficial owners of the Authority Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. The parties hereto acknowledge that in the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Authority Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal evidenced by Outstanding Authority Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Authority Trustee), or any holder or beneficial owner of the Authority Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall (so long as the Authority is the Dissemination Agent) be entitled to the protections and limitations from liability afforded to the Authority under the Trust Agreement. The Dissemination Agent shall not be responsible for the form or content of financial statements made part of any Annual Report or notice of Listed Event or for information sourced to the Agency. So long as the Authority is the Dissemination Agent hereunder, no compensation shall be due from the Agency for the Dissemination Agent services provided herein. Any replacement Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement as may be agreed upon by the Agency. The Dissemination Agent (if other than the Authority or the Authority acting in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Agency shall indemnify and save the Dissemination Agent (if other than the Authority) and the Authority harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or its willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Authority Bonds and the Refunding Bonds.

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

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY

By: _____
Joseph Kelly
Acting Treasurer

SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY

By: _____
Dilu De Alwis, City Finance Director of the City of Covina, acting for the Successor Agency to the Covina Redevelopment Agency

ACCEPTED AND AGREED:

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY, as Dissemination Agent

By: _____
Authorized Officer

ACKNOWLEDGED AND AGREED:

U.S. BANK NATIONAL ASSOCIATION, as Authority Trustee

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	County of Los Angeles Redevelopment Refunding Authority
Name of Issue:	County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds, Series 2014E
Obligated Person:	Successor Agency to the Covina Redevelopment Agency
Date of Issuance:	December 23, 2014

NOTICE IS HEREBY GIVEN that the Successor Agency to the Covina Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of December 1, 2014, by and between the County of Los Angeles Redevelopment Refunding Authority and the Agency. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____

COUNTY OF LOS ANGELES
REDEVELOPMENT REFUNDING
AUTHORITY, as Dissemination Agent, on
behalf of the Successor Agency to the Covina
Redevelopment Agency

cc: Successor Agency to the Covina Redevelopment Agency

EXHIBIT B

INFORMATION TO BE ASSEMBLED BY THE COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY,

relating to the

Successor Agency to the Covina Redevelopment Agency
Tax Allocation Refunding Bonds, Series 2014A

The Authority will provide the following financial information and operating data with respect to the Agency, substantially similar to that provided in the corresponding tables relating to the Agency and the Project Area in Appendix A to the Official Statement:

(i) An update of the ten largest assessees in substantially the format of Table A-2 of Appendix A to the Official Statement for the current fiscal year;

(ii) An update of taxable assessed and incremental values in substantially the format of Table A-3 of Appendix A to the Official Statement including the current fiscal year;

(iii) An update of tax levy, total collections and total collections as a percentage of the tax levy in substantially the format of Table A-4 of Appendix A to the Official Statement including the most recent fiscal year;

(iv) An update of the number of pending appeals, the combined values of pending appeals, the number of resolved appeals and resulting reduction of value provided in Table A-5 of Appendix A to the Official Statement as of the most recent fiscal year;

(v) An entry in substantially the format of the entries in Table A-7 of Appendix A to the Official Statement reflecting Tax Revenues of the most recent fiscal year;

(vi) An entry in substantially the format of the entries in Table A-9 of Appendix A to the Official Statement reflecting the aggregate debt service coverage of the most recent fiscal year; and

(vii) If applicable in furtherance of an Agency covenant regarding Redevelopment Plan limits, amount of all Agency debt outstanding secured by a pledge of the Tax Revenues and cumulative amount of Tax Revenues available to the Agency to date: (A) a statement of annual debt service remaining to be paid on all Outstanding Bonds and Parity Obligations and the amount of Tax Revenues which the Agency is permitted to receive under its Redevelopment Plan, (B) the amount of tax increment revenues allocated to the Agency during the one year period covered by the statement, and (C) the amount, if any, to be used or escrowed for use to pay principal and interest on Refunding Bonds and any Parity Debt.

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BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2014 Bonds, payment of principal of, premium (if any) and interest on the Series 2014 Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2014 Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Authority believes to be reliable, but the Authority does not take responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of the principal of, premium (if any) and interest on the Series 2014 Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Series 2014 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2014 Bonds. The Series 2014 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 bond will be issued for each maturity (and each individual yield in the case of bifurcated maturities) of the Series 2014 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 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 Series 2014 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 Series 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 Series 2014 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 Series 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the related Trust Agreement. For example, Beneficial Owners of Series 2014 Bonds may wish to ascertain that the nominee holding the Series 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2014 Bonds within an issue 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 Series 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2014 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 Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2014 BONDS FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Series 2014 Bonds at any time by giving reasonable notice to the Authority. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Series 2014 Bonds. The Authority undertakes no obligation to investigate matters that would enable the Authority to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the related Trust Agreement will apply.

THE AUTHORITY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE SERIES 2014 BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY AND THE UNDERWRITERS ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE SERIES 2014 BONDS OR AN ERROR OR DELAY RELATING THERETO.

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

DTC may discontinue providing its services as securities depository with respect to the Series 2014 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2014 Bonds are required to be printed and delivered as described in the related Trust Agreement.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2014 Bonds will be printed and delivered as described in the related Trust Agreement and payment of interest to each Owner who owns of record $1,000,000 or more in aggregate principal amount of Series 2014 Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY • TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2014E

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com