

Insured Series 2014 Bonds (Insured Rating): "AA"

Series 2014C Bonds (Uninsured/Underlying Rating): "A+"

Series 2014D 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 2014C 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 2014C 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

\$148,640,000

Series 2014C (Tax Exempt)

CRA/LA

Bunker Hill Project

\$22,440,000

Series 2014D (Federally Taxable)

CRA/LA

Bunker Hill Project

Dated: Date of Delivery

Due: As Shown on the Inside Cover Pages

The County of Los Angeles Redevelopment Refunding Authority (the "Authority") will issue its Tax Allocation Revenue Refunding Bonds, Series 2014C (Tax Exempt) (the "Series 2014C Bonds") and its Tax Allocation Revenue Refunding Bonds, Series 2014D (Federally Taxable) (the "Series 2014D Bonds") and, together with the Series 2014C Bonds, the "Series 2014 Bonds" or, individually, a "Series") pursuant to a Trust Agreement, dated as of October 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, CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles (the "Agency Participant"), will issue two individual series of tax allocation refunding bonds (each a "Local Obligation" and, together, the "Local Obligations") for the Bunker Hill Urban Renewal Project 1B (the "Project Area") pursuant to an Indenture of Trust, dated as of October 1, 2014 (the "Agency Indenture"), by and between the Agency Participant and U.S. Bank National Association (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 each Series of the Series 2014 Bonds will be used to purchase the related Local Obligations.

Each Series of 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. Each series of Local Obligations will be payable from and secured by designated property tax revenues (formerly tax increment revenues) related to the Project Area 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." Each Series of Local Obligations is payable from Tax Revenues on a parity with each other. Debt service on the Local Obligations will be subordinate to the payment of debt service on The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Multifamily Housing Revenue Refunding Bonds, Series 2007A. 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 related Series of 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 redemption 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 H – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Series 2014 Bonds will be subject to redemption prior to maturity, as described herein. See "THE SERIES 2014 BONDS – Redemption" herein.

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 Series 2014C Bonds by Assured Guaranty Municipal Corp. The reserve accounts for both of 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 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 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 REDEMPTION PREMIUM, IF ANY, OR INTEREST ON ANY SERIES OF 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 REDEMPTION 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 REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2014 BONDS. THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION 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 October 30, 2014.

STIFEL

Citigroup

Dated: October 22, 2014

MATURITY SCHEDULE

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY

\$148,640,000

Tax Allocation Revenue Refunding Bonds

Series 2014C (Tax Exempt)

CRA/LA – Bunker Hill Project

(Base CUSIP[†]: 54465A)

<i><u>Due</u></i>	<i><u>Principal Amount</u></i>	<i><u>Interest Rate</u></i>	<i><u>Yield</u></i>	<i><u>CUSIP[†]</u></i>
June 1, 2015	\$ 715,000	2.000%	0.180%	DU3
December 1, 2015	735,000	2.000	0.270	DV1
June 1, 2016	1,055,000	3.000	0.440	DW9
December 1, 2016	1,065,000	3.000	0.510	DX7
June 1, 2017	1,090,000	4.000	0.650	DY5
December 1, 2017	1,100,000	4.000	0.760	DZ2
June 1, 2018	3,565,000	5.000	0.950	EA6
December 1, 2018	6,440,000	5.000	1.050	EB4
June 1, 2019	3,820,000	5.000	1.280	EC2
December 1, 2019	6,695,000	5.000	1.410	ED0
June 1, 2020	4,080,000	5.000	1.630	EE8
December 1, 2020	6,965,000	5.000	1.730	EF5
June 1, 2021	4,360,000	5.000	1.930	EG3
December 1, 2021	7,250,000	5.000	2.020	EH1
June 1, 2022	4,645,000	5.000	2.210	EJ7
December 1, 2022	7,545,000	5.000	2.270	EK4
June 1, 2023	4,950,000	5.000	2.400	EL2
December 1, 2023	7,860,000	5.000	2.430	EM0
June 1, 2024	5,275,000	5.000	2.540	EN8
December 1, 2024	8,190,000	5.000	2.570	EP3
June 1, 2025*	5,610,000	5.250	2.670 ^c	EQ1
December 1, 2025*	8,540,000	5.250	2.700 ^c	ER9
June 1, 2026*	5,980,000	5.250	2.810 ^c	ES7
December 1, 2026*	8,920,000	5.250	2.850 ^c	ET5
June 1, 2027*	6,860,000	5.000	2.930 ^c	EU2
December 1, 2027*	8,840,000	5.000	2.970 ^c	EV0

\$16,490,000 5.00% Term Bonds* due December 1, 2028, Yield: 3.01% ^c, CUSIP[†] EW8

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^c Yield to optional redemption of December 1, 2024 at par.

* Insured Series 2014 Bonds.

MATURITY SCHEDULE
(continued)

\$22,440,000

Tax Allocation Revenue Refunding Bonds
Series 2014D (Federally Taxable)
CRA/LA – Bunker Hill Project

(Base CUSIP[†]: 54465A)

<u>Due December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
2015	\$7,415,000	0.48%	0.48%	EX6
2016	7,475,000	1.00	1.00	EY4
2017	7,550,000	1.50	1.50	EZ1

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COUNTY OF LOS ANGELES

County of Los Angeles Redevelopment Refunding Authority
Tax Allocation Revenue Refunding Bonds, Series 2014C and 2014D

Board of Directors / County Board of Supervisors

Don Knabe
Fourth District, Chairman

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
*Executive Officer-Clerk
Board of Supervisors*

County Officials

William T Fujioka
Chief Executive Officer

Mark J. Saladino
County Counsel

Joseph Kelly
Acting Treasurer and Tax Collector

John Naimo
Acting Auditor-Controller

Keyser Marston Associates Inc.
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

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 CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles (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 pages 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 I – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The County and the Agency Participant 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.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General	1
The County Refunding Program	2
The County Intercept	4
Terms of the Series 2014 Bonds	5
Security and Sources of Payment for the Series 2014 Bonds	5
Reserve Account under Agency Indenture	6
Municipal Bond Insurance and Debt Service Reserve Policy	6
Additional Bonds	6
The County	7
The Authority	7
Continuing Disclosure	7
The Authority as Dissemination Agent	7
REFUNDING OF AGENCY OBLIGATIONS	8
ESTIMATED SOURCES AND USES OF PROCEEDS OF THE SERIES 2014 BONDS	9
DEBT SERVICE SCHEDULES	10
DEBT SERVICE COVERAGE FROM LOCAL OBLIGATIONS	11
THE SERIES 2014 BONDS	12
Authority for Issuance	12
General	12
Redemption	13
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS	16
Special Obligations	16
Tax Revenues	17
Tax Allocation Financing	21
Housing Set-Aside	23
Recognized Obligation Payment Schedule	23
Local Obligations and the Agency Indenture	25
Reserve Account	27
Defaults and Remedies	27
Municipal Bond Insurance and Debt Service Reserve Policies	28
Approval by Oversight Board and Department of Finance	28
Due Diligence Reviews	29
Additional Bonds	29
Covenants of the Agency Participant	30
Limited Obligations of the Agency Participant	31
BOND INSURANCE	32
Bond Insurance Policy	32
Assured Guaranty Municipal Corp.	32
LIMITATIONS ON TAX REVENUES	34
Property Tax and Spending Limitations	34
Implementing Legislation	36
Redevelopment Plan Limits	36
Unitary Property	37
Assessed Value Appeals and Proposition 8 Adjustments	37
Additional Limitation on Tax Revenues	38
RISK FACTORS	39

TABLE OF CONTENTS

(continued)

	Page
Limited Special Obligations.....	39
Risks of Real Estate Secured Investments Generally	39
Tax Revenues.....	39
Successor Agency Powers and Resources Are Limited.....	40
Limited Application of Project Area Tax Revenues	41
Change in Law	41
Reduction in Inflationary Rate	41
Levy and Collection	42
Property Tax Collection Procedures	42
Natural Disasters; Seismic Hazards	43
Hazardous Substances.....	43
Assessment Appeals.....	43
Litigation.....	44
Economic Risks.....	44
State Budget Deficits	44
Direct and Overlapping Indebtedness	45
Bankruptcy and Foreclosure	45
Future Legislation and Initiatives	45
TAX MATTERS.....	45
Series 2014C Bonds.....	45
Series 2014D Bonds.....	47
CONTINUING DISCLOSURE	52
CERTAIN LEGAL MATTERS.....	52
FINANCIAL STATEMENTS	53
FINANCIAL ADVISOR	53
VERIFICATION OF MATHEMATICAL ACCURACY	53
LITIGATION.....	53
RATINGS	56
UNDERWRITING	56
ADDITIONAL INFORMATION.....	57
 APPENDIX A – CRA/LA – BUNKER HILL URBAN RENEWAL PROJECT 1B.....	 A-1
APPENDIX B – FISCAL CONSULTANT’S REPORT	B-1
APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE AGENCY PARTICIPANT.....	C-1
APPENDIX D – SUMMARY OF TRUST AGREEMENT	D-1
APPENDIX E – FORM OF OPINIONS OF BOND COUNSEL.....	E-1
APPENDIX F – STATE DEPARTMENT OF FINANCE LETTER	F-1
APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT	G-1
APPENDIX H – BOOK-ENTRY ONLY SYSTEM	H-1
APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY	I-1

OFFICIAL STATEMENT

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY Tax Allocation Revenue Refunding Bonds

\$148,640,000
Series 2014C (Tax Exempt)
CRA/LA
Bunker Hill Project

\$22,440,000
Series 2014D (Federally Taxable)
CRA/LA
Bunker Hill Project

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."

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 2014C (Tax Exempt) (the "Series 2014C Bonds") and its Tax Allocation Revenue Refunding Bonds, Series 2014D (Federally Taxable) (the "Series 2014D Bonds" and, together with the Series 2014C Bonds, the "Series 2014 Bonds" or, individually, a "Series"). Each Series of the Series 2014 Bonds will be issued pursuant to a Trust Agreement dated as of October 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, CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles (the “Agency Participant”) will issue two individual series of tax allocation refunding bonds (each a “Local Obligation” and, together, the “Local Obligations”) pursuant to an Indenture of Trust dated as of October 1, 2014 (the “Agency Indenture”), by and between the Agency Participant and U.S Bank National Association (the “Agency Trustee”), the proceeds of which will be used to refund certain bonds relating to the Agency Participant’s Bunker Hill Urban Renewal Project 1B (the “Project Area”), as more fully described herein. Proceeds of each Series of the Series 2014 Bonds will be used to purchase the Local Obligations.

Concurrently with the issuance of the Series 2014 Bonds, and 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.”

Each Series of 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 consist of the: (i) CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Tax Allocation Refunding Bonds, Series M (the “Series M Bonds”), and (ii) CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Tax Allocation

Refunding Bonds, Series N (Federally Taxable) (the “Series N Bonds”). The Series 2014C Bonds will be secured solely by the payments made on the Series M Bonds and the Series 2014D Bonds will be secured solely by the payments made on the Series N Bonds. The Series M Bonds are being issued to refund: (i) a portion of The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Tax Allocation Refunding Bonds, Series H (the “Series H Bonds”), and (ii) The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Subordinate Lien Tax Allocation Bonds, Series 2004L. The Series N Bonds are being issued to refund the remaining portion of Series H Bonds. The refunding of the Series H Bonds will result in the refunding of the Community Redevelopment Financing Authority of The Community Redevelopment Agency of the City of Los Angeles, California Bunker Hill Project Revenue Bonds, Series 2004A and the Community Redevelopment Financing Authority of The Community Redevelopment Agency of the City of Los Angeles, California Bunker Hill Project Revenue Bonds, Series 2004B (Federally Taxable).

Each series of Local Obligations will be payable from and secured by designated property tax revenues (formerly tax increment revenues) related to the Project Area 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 Area, 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 (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 with respect to the Project Area 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 Plan available on an annual basis after and subject to allocation as Agency Pledged Tax Revenues as defined in the 2007 Indenture subject to applicable subordination to debt service on bonds, including all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Section 16110 *et seq.* of the California Government Code and any amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law, but only to the extent that such amounts are not subordinated to the payment of debt service on the Bonds and excluding Investment Earnings.”

Tax Revenues additionally includes moneys deposited from time to time in the RPTTF, as and if available and subject to other claims, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act, as and if available and subject to the equal and senior claims of indebtedness, if, any, which may be attributable to project areas of the Agency, other than the Project Area, if any. 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. Other bonds of the Agency Participant currently have, and future bonds and obligations will have, a parity claim on moneys deposited into the RPTTF so long as the requirements of the Dissolution Act have been satisfied.

Each Series of Local Obligations is payable from Tax Revenues on a parity with each other. Debt service on the Local Obligations will be subordinate to the payment of debt service on The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series A currently outstanding in the aggregate principal amount of \$9,210,000 (the “Series 2007A 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 related Series of Series 2014 Bonds when due. The Local Obligations will be registered in the name of the Trustee and Local Obligation payments will be paid to the Trustee under the Trust Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS” herein.

This Official Statement describes two Series of Series 2014 Bonds, each secured by and issued under the Trust Agreement and secured by and payable from discrete Revenues and a discrete Trust Estate (each as defined herein). The general terms of the Trust Agreement are discussed summarily herein except for certain Series specific terms for security, payment, redemption and taxable status, which are detailed specifically, and this Official Statement must be considered in that context by potential purchasers in making an investment decision. Such terms, and terms with respect to the Trustee, and terms for default and remedies should be considered on a Series specific basis and statements herein considered in such contexts, both general and Series specific. Series specific references, including those where the context reasonably suggests Series specific interpretation or application, are specific to such Series. There is no cross-collateralization among the Series of Series 2014 Bonds or the Local Obligations.

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, commencing January 2, 2015, to an account of the Agency Participant and the Project Area, 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 2007A 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 1 and December 1, commencing on June 1, 2015. Principal on the Series 2014C Bonds will be due on June 1 and December 1, as shown on the inside cover. Principal on the Series 2014D Bonds will be due on December 1, 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 H – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

The Series 2014 Bonds will be subject to redemption prior to maturity, 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, redemption 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 held in connection with the Series 2014C Bonds), and (iii) the Local Obligations purchased from proceeds of the related Series of 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 redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations purchased from proceeds of such Series of 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 held in connection with the Series 2014C Bonds.

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 of 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.

Each series of Local Obligations will be special limited obligations of the Agency Participant and is payable, as to principal, redemption 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 Area,

including a description of any superior claims and liens on such Tax Revenues. Each series of Local Obligations will be payable as set forth in the Agency Indenture, is not a debt of any respective 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 a series of Local Obligations be payable out of any funds or properties other than those of the Agency Participant and the Project Area pledged therefor as provided in the Agency Indenture.

The Series 2014C Bonds will be secured solely by the payments made on the Series M Bonds and the Series 2014D Bonds will be secured solely by the payments made on the Series N Bonds. All of the obligations of the Agency Participant and the Project Area with respect to the Local Obligations are not general obligations of the Agency Participant or Former RDA, but are limited obligations of the Agency Participant and the Project Area, 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.

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 each series of 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 such series of Local Obligations. For information regarding the reserve account relating to the Agency Indenture and the Project Area, 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 2014C Bonds (as shown on the inside cover pages 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 2014C 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 I – "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 G – “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 each Series 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 existing indebtedness of the Agency Participant (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 related Series of Series 2014 Bonds, and (iii) pay costs of issuance of the Local Obligations and the related Series of Series 2014 Bonds. The Refunded Obligations were originally issued to finance or refinance improvements for the benefit of the Project Area. 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 each Local Obligation, final maturity of each Local Obligation, and the principal amount of Refunded Obligations to be refunded.

<i>Series 2014C Bonds</i>			
<i>Local Obligation</i>	<i>Local Obligation Amount</i>	<i>Refunded Obligation Amount⁽¹⁾</i>	<i>Final Maturity</i>
Series M Bonds	\$148,640,000	\$187,320,000	2028
<i>Series 2014D Bonds</i>			
<i>Local Obligation</i>	<i>Local Obligation Amount</i>	<i>Refunded Obligation Amount⁽¹⁾</i>	<i>Final Maturity</i>
Series N Bonds	\$ 22,440,000	\$ 29,920,000	2017

⁽¹⁾ Amount at the prepayment date.

On the date of issuance of the Series 2014 Bonds and the Local Obligations, a portion of the proceeds will be transferred to an escrow agent (each, an “Escrow Agent”) for each respective series of Refunded Obligations for deposit into Escrow Funds established for each of the Refunded Obligations, under Escrow Agreements dated as of October 1, 2014 (each, an “Escrow Agreement”) by and between the Agency Participant and the Escrow Agent. 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.”

The amounts held by the Escrow Agent for the respective Refunded Obligations in the Escrow Funds are pledged solely to the payment of amounts due and payable by the Agency Participant under the respective Refunded Obligations. The funds deposited in the Escrow Funds for the Refunded Obligations will not be available for the payment of debt service 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.

	<i>Series 2014C Bonds</i>	<i>Series 2014D Bonds</i>	<i>Total</i>
<u>Sources of Funds:</u>			
Principal Amount of Series 2014 Bonds	\$148,640,000.00	\$22,440,000.00	\$171,080,000.00
Original Issue Premium	27,779,832.10	--	27,779,832.10
Less Underwriters' Discount	(694,398.12)	(116,076.06)	(810,474.18)
Amounts released from prior obligations ⁽¹⁾	17,783,773.10	8,607,908.68	26,391,681.78
TOTAL SOURCES	<u>\$193,509,207.08</u>	<u>\$30,931,832.62</u>	<u>\$224,441,039.70</u>
<u>Uses of Funds:</u>			
Purchase of Local Obligations ⁽²⁾	<u>\$193,509,207.08</u>	<u>\$30,931,832.62</u>	<u>\$224,441,039.70</u>
TOTAL USES	<u>\$193,509,207.08</u>	<u>\$30,931,832.62</u>	<u>\$224,441,039.70</u>

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

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

The proceeds of the Series 2014C 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.

	<i>CRA/LA Series M</i>
<u>Sources of Funds:</u>	
Principal Amount of Series 2014C Bonds	\$148,640,000.00
Original Issue Premium	27,779,832.10
Less Original Purchaser's Discount	(694,398.12)
Amounts released from prior obligations ⁽¹⁾	17,783,773.10
TOTAL SOURCES	<u>\$193,509,207.08</u>
<u>Uses of Funds:</u>	
Deposit to Escrow Fund	\$191,855,178.03
Share of Costs of Issuance ⁽²⁾	1,654,029.05
TOTAL USES	<u>\$193,509,207.08</u>

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

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

The proceeds of the Series 2014D 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.

***CRA/LA
Series N***

Sources of Funds:

Principal Amount of Series 2014D Bonds	\$22,440,000.00
Less Original Purchaser's Discount	(116,076.06)
Amounts released from prior obligations ⁽¹⁾	<u>8,607,908.68</u>
TOTAL SOURCES	\$30,931,832.62

Uses of Funds:

Deposit to Escrow Fund	\$30,791,628.97
Share of Costs of Issuance ⁽²⁾	<u>140,203.65</u>
TOTAL USES	\$30,931,832.62

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

⁽²⁾ Includes share of 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 SCHEDULES

The following table sets forth the debt service schedules and aggregate debt service for the Series 2014C Bonds and the Series 2014D Bonds, assuming no prepayments or redemptions. Each series of Local Obligations has its own payment schedule which, in the aggregate, has been sized to equal debt service on the related Series of Series 2014 Bonds.

<i>Bond Year Ending December 1</i>	<i>Series 2014C Bonds</i>			<i>Series 2014D Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	\$ 1,450,000.00	\$ 8,026,623.82	\$ 9,476,623.82	\$7,415,000.00	\$242,845.76	\$7,657,845.76
2016	2,120,000.00	7,352,000.00	9,472,000.00	7,475,000.00	188,000.00	7,663,000.00
2017	2,190,000.00	7,282,425.00	9,472,425.00	7,550,000.00	113,250.00	7,663,250.00
2018	10,005,000.00	7,127,500.00	17,132,500.00	--	--	--
2019	10,515,000.00	6,620,875.00	17,135,875.00	--	--	--
2020	11,045,000.00	6,088,625.00	17,133,625.00	--	--	--
2021	11,610,000.00	5,529,375.00	17,139,375.00	--	--	--
2022	12,190,000.00	4,941,750.00	17,131,750.00	--	--	--
2023	12,810,000.00	4,324,625.00	17,134,625.00	--	--	--
2024	13,465,000.00	3,676,000.00	17,141,000.00	--	--	--
2025	14,150,000.00	2,987,362.50	17,137,362.50	--	--	--
2026	14,900,000.00	2,234,775.00	17,134,775.00	--	--	--
2027	15,700,000.00	1,438,000.00	17,138,000.00	--	--	--
2028	<u>16,490,000.00</u>	<u>643,250.00</u>	<u>17,133,250.00</u>	<u>--</u>	<u>--</u>	<u>--</u>
Totals	\$148,640,000.00	\$68,273,186.32	\$216,913,186.32	\$22,440,000.00	\$544,095.76	\$22,984,095.76

Source: The Underwriters.

DEBT SERVICE COVERAGE FROM LOCAL OBLIGATIONS

The following tables set forth the debt service schedules and aggregate debt service for the Series 2014C Bonds and the Series 2014D Bonds, assuming no prepayments or redemptions other than sinking fund redemption.

Debt Service Coverage Table - Series 2014C Bonds

<i>Year Ending (December 1)</i>	<i>Bunker Hill Project Series M Debt Service</i>	<i>Total Series 2014C Bonds Debt Service</i>	<i>Debt Service Coverage</i>
2015	\$ 9,476,624	\$ 9,476,624	100%
2016	9,472,000	9,472,000	100
2017	9,472,425	9,472,425	100
2018	17,132,500	17,132,500	100
2019	17,135,875	17,135,875	100
2020	17,133,625	17,133,625	100
2021	17,139,375	17,139,375	100
2022	17,131,750	17,131,750	100
2023	17,134,625	17,134,625	100
2024	17,141,000	17,141,000	100
2025	17,137,363	17,137,363	100
2026	17,134,775	17,134,775	100
2027	17,138,000	17,138,000	100
2028	17,133,250	17,133,250	100

Source: The Underwriters.

Debt Service Coverage Table - Series 2014D Bonds

<i>Year Ending (December 1)</i>	<i>Bunker Hill Project Series N Debt Service</i>	<i>Total Series 2014D Bonds Debt Service</i>	<i>Debt Service Coverage</i>
2015	\$7,657,846	\$7,657,846	100%
2016	7,663,000	7,663,000	100
2017	7,663,250	7,663,250	100

Source: The Underwriters.

As can be seen in the tables above, each series of Local Obligations has its own payment schedule which, in the aggregate, equals debt service on the related Series of Series 2014 Bonds. Keyser Marston Associates Inc., Los Angeles, California (the “Fiscal Consultant”) has been retained to estimate the incremental taxable value for the Project Area as set forth in the Fiscal Consultant’s Report appearing in Appendix B. See Appendix A under the caption “THE PROJECT AREA – 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 Area, 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

Each Series of the Series 2014 Bonds will be special, limited obligations 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 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 1 and December 1, commencing on June 1, 2015. Principal on the Series 2014C Bonds will be due on June 1 and December 1, as shown on the inside cover. Principal on the Series 2014D Bonds will be due on December 1, 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 H – “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 redemption 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 H – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

Redemption

Mandatory Redemption from Optional Local Obligation Prepayments for Series 2014C Bonds.

The Series 2014C Bonds maturing on and after June 1, 2025 will be subject to mandatory redemption on or after December 1, 2024, in whole or in part on any date, from and to the extent of any Prepayments with respect to the Series M Bonds, at a redemption price equal to the principal amount of the Series 2014C Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption. For a summary of terms of redemption of the Local Obligations, see Appendix A under “THE REFUNDING BONDS – Redemption of the Refunding Bonds.”

Mandatory Redemption of Series 2014C Bonds from Sinking Fund Installments. The Series 2014C Bonds maturing on December 1, 2028 are subject to mandatory redemption in part by lot on June 1 and December 1 in each year commencing June 1, 2028, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Series 2014C Term Bonds Maturing on December 1, 2028

<i>Redemption Date</i>	<i>Principal Amount</i>
June 1, 2028	\$7,250,000
December 1, 2028*	9,240,000

* Stated Maturity

The Series 2014D Bonds will not be subject to optional redemption prior to maturity.

General Terms for Mandatory Redemption from Optional Local Obligation Prepayments. The Agency Indenture provides, in order to effect such optional redemption of Series M Bonds, that the Agency Participant will deliver to the Agency Trustee (i) a Written Request of the Agency Participant specifying (A) the maturity or maturities, and the principal amount or amounts (or portion thereof), of the Series 2014C Bonds to be mandatorily redeemed from such Prepayment (the “Callable Authority Bonds”), (B) the date on which such Callable Authority Bonds are to be mandatorily redeemed from such Prepayment (which redemption date will be a date on which such Callable Authority Bonds are subject to mandatory redemption from optional Local Obligation prepayments (the “Prepayments”)) pursuant to the Trust Agreement, (C) the amount of each mandatory sinking fund installment for the Series 2014C Bonds to be Outstanding after the date of such mandatory redemption from such Prepayments, and (D) the amount of the Prepayment (or redemption price) necessary to cause such mandatory redemption of such Callable Authority Bonds, and (ii) a Cash Flow Certificate of an Independent Financial Consultant (A) demonstrating that, if such Prepayment is allocated and applied to the redemption of the Series M Bonds as provided in the paragraph immediately below, the debt service on the Series M Bonds, together with the debt service payable on all other Local Obligations (as defined in the Trust Agreement), payable on each Interest Payment Date after such redemption date will be sufficient, but not materially more than sufficient, to pay debt service on the Series 2014C Bonds to be Outstanding on such Interest Payment Date, (B) specifying the principal amount, as of such redemption date, of the Series M Bonds, or portion thereof, to the optional redemption of which such Prepayment is to be allocated and applied as provided in the paragraph immediately below, (C) specifying the amount of the redemption premium, if any, to be paid in connection with such optional redemption of the Series M Bonds, or portion thereof, to which such Prepayment is to be allocated and applied as provided in the paragraph immediately below, and (D) specifying the principal amount, and the amount of each mandatory sinking fund installment, as of such redemption date, of the Series M Bonds that will remain Outstanding if such Prepayment is allocated and applied to the redemption of the Series M Bonds on such redemption date as provided in the paragraph immediately below, which Written Request of the Agency Participant and Cash Flow

Certificate of such Independent Financial Consultant will be delivered to the Agency Trustee at least 35 days prior to such redemption date, or such later date as will be acceptable to the Agency Trustee.

No later than three (3) Business Days preceding the date specified in a Written Request of the Agency Participant delivered pursuant to the paragraph immediately above as the date on which Callable Authority Bonds are to be mandatorily redeemed from optional Local Agency Prepayments pursuant to the Trust Agreement, the Agency Participant will deliver to the Agency Trustee an amount equal to the amount of the Prepayment specified in such Written Request of the Agency Participant and, on such redemption date, the Agency Trustee will pay such amount to the Trustee under the Trust Agreement, on behalf of the owners of such Callable Authority Bonds. Upon the payment by the Agency Trustee to the Trustee under the Trust Agreement of such amount representing such Prepayment (i) the Local Obligations, or portion thereof, debt service on which would have, after such redemption date, been applied to the payment of debt service on such Callable Authority Bonds will, as of such redemption date, be deemed to have been optionally redeemed pursuant to the Agency Indenture, and will be considered to have been optionally redeemed pursuant to the Agency Indenture, in an amount equal to the principal amount of the Local Obligations, or portion thereof, as of such redemption date, and (ii) the remainder of (A) such Prepayment, less (B) accrued interest, if any, thereon and such principal amount of the Series M Bonds, or portion thereof, as of such redemption date, will be deemed to be, and will be considered to be, the redemption premium paid in connection with such optional redemption of the Series M Bonds, or portion thereof.

The Authority will give the Trustee written notice of the redemption of Series 2014C Bonds from optional Local Agency Prepayments not less than 35 days prior to the applicable redemption date, unless a later date is agreed to by the Trustee. Such written notice will be accompanied by the Written Request of the Agency Participant (as defined in the Agency Indenture) required to be delivered pursuant to, and the Cash Flow Certificate of an Independent Financial Consultant required to be filed pursuant to, the Agency Indenture, and no such redemption of Series 2014C Bonds will occur unless such written notice is so accompanied by such Written Request of the Agency Participant and such Cash Flow Certificate of an Independent Financial Consultant. In the event that the Agency Trustee will mail notice of the redemption of any Series M Bonds that will produce Prepayments with respect to Series 2014C Bonds, the Trustee will concurrently mail notice of the redemption of Series 2014C Bonds from optional Local Agency Prepayments, such redemption to occur on the date fixed for such redemption of such Series M Bonds. On the date of such redemption of the Series M Bonds, the proceeds of such redemption will be applied by the Trustee to pay the redemption price of Series 2014C Bonds from optional Local Agency Prepayments.

Mandatory Redemption as a Result of Acceleration. The related Series of 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 any Local Obligations relating to such Series of Series 2014 Bonds as a result of the acceleration of amounts due on such Local Obligations upon an event of default under the Agency Indenture, at a redemption price equal to the principal amount of the related Series of 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 of a Series 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 related Series of 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 such Series of 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 by lot and in selecting the Series 2014 Bonds for redemption the Trustee will treat each Series 2014 Bond of a denomination of more than five thousand dollars (\$5,000) as representing that number of Series 2014 Bonds of five thousand dollars (\$5,000) denomination which is obtained by dividing the principal amount of such Series 2014 Bond by five thousand dollars (\$5,000), and the portion of any Series 2014 Bond of a denomination of more than five thousand dollars (\$5,000) to be redeemed will be redeemed in an Authorized Denomination. The Trustee will promptly notify the Authority in writing of the numbers of the Series 2014 Bonds so selected for redemption in whole or in part on such date.

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 Principal Fund or in the Redemption 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 Order 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, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date. All Series 2014 Bonds so purchased will be delivered to the Trustee under the Trust Agreement for cancellation.

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, redemption 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 of 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.

Each series of Local Obligations will be special limited obligations of the Agency Participant and are payable, as to principal, redemption 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. Each Series of Local Obligations is payable from Tax Revenues on a parity with each other. Debt service on the Local Obligations will be subordinate to the payment of debt service on the Series 2007A Bonds. Each series of 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 a series of Local Obligations be payable out of any funds or properties other than those of the Agency Participant pledged therefor as provided in the Agency Indenture.

Each Local Obligation has its own payment schedule which, in the aggregate, has been sized to pay debt service on the Series 2014 Bonds. The Series 2014C Bonds will be secured solely by the payments made on the Series M Bonds and the Series 2014D Bonds will be secured solely by the payments made on the Series N 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 limited obligations of the Agency Participant and the Project Area, 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 2007A 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 Area.

Upon the issuance of each series of 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 such series of 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 and secured on a stand-alone basis or in common with other parity bonds issued by the Agency Participant, 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 Area. 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 Area 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 Area, 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 Area. 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 Area, as provided in paragraph (2) of subdivision (a) of the California Health and Safety Code Section 34183. Each Local Obligation will be payable from and secured by Tax Revenues subject to senior obligations, and any deficiency in the reserve account for the Local 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 2007A Bonds, and County collection charges. See Appendix A for a description of the lien of Tax Revenues for the Project Area. 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 Area, 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.” All of the Local Obligations include a pledge of, or offset for a pledge of, any 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 Area 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 Area, 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 Area 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 XIII A. 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 AREA – Projected Tax Revenues” for a discussion of the tax rate assumptions utilized by the Fiscal Consultant in projecting Gross Tax Revenues for the Project Area.

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 Area 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 Area 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 Area. 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. In accordance therewith, the Agency Participant has 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 and the subordinations provided in the Law and the Pass-Through Agreements will effectively result in adequate tax increment revenues for the payment of principal of and redemption 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 Area.

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.

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. All of the Local Obligations include a pledge of, or offset for a pledge of, any 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 October 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 scheduled debt service on the Local Obligations, including any amounts required under the Agency Indenture to replenish the reserve account to the full amount of the related debt service reserve requirement, and 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 to pay Compliance Costs in the respective ROPS for each six-month period so as to enable the County Auditor-Controller to distribute from the RPTTF to the Agency Participant's Redevelopment Obligation Retirement Fund on January 2 100% of Annual Debt Service and on June 1 any additional amounts required for the Agency Participant to pay principal of, and interest on, the Local Obligations coming due in the following 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 and interest under the Agency Indenture and any amounts required under an indenture or fiscal agent agreement securing parity indebtedness, if any, when the next property tax allocation is projected to be insufficient to pay all obligations due under the Agency Indenture and any amounts required under an indenture or fiscal agent agreement securing parity indebtedness, if any, 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, including the 2007A Bonds) 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 held in connection with the Series 2014C Bonds) 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 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, including the 2007A Bonds) 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 held in connection with the Series 2014C Bonds) 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 Area. 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, 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, 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 and parity obligations, including the 2007A 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 Recognized Obligation Payment Schedule 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, 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).

As to each of the Local Obligations, in accordance with the Dissolution Act, the Agency Participant may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms. The Agency Participant has repeated such prior pledges in connection with the issuance of the Local Obligations.

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.

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 this section, 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 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 Bonds 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 each series of Local Obligations, a reserve surety or cash 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 Area, 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.

In some instances, the provider of a policy of municipal bond insurance, or reserve fund surety policy, for the Local Obligations shall be deemed to be the sole bondowner for purposes of direction of remedies and consent rights.

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 redemption premium, if any, and any 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, U.S. Bank National Association at: 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Administration.

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 2014C 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 I – "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 September 29, 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. See APPENDIX F – "STATE DEPARTMENT OF FINANCE LETTER."

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. 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 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 Area, except as provided in the Agency Indenture, and will not issue any obligation or security superior to or on a parity with then Outstanding 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 Bonds by the Agency Participant, such 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 XIII B 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 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 Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service. The expiration date of the Redevelopment Plan is as described in Appendix A under the caption "THE REDEVELOPMENT PLAN – 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 with the exception that the limit on the time to receive Tax Revenues is assumed to be inapplicable to the portion of the Series M Bonds being applied to refund the Series H Bonds based on

Health and Safety Code section 33333.6(g). 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 PLAN.” See also, Appendix A under the caption “THE PROJECT AREA – Estimated Debt Service Coverage” for projections of debt service coverage on the Local Obligations.

Tax Covenants; Rebate Fund. As may be relevant to the Series 2014C Bonds, 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 2014C 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 2014C Bonds from time to time.

Compliance with the Dissolution Act. The Agency Participant will agree under the Agency Indenture that it will comply with all requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency Participant will covenant and agree 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 scheduled debt service on the Local Obligations, as well as any amount required under the Agency Indenture to replenish the reserve account in ROPS for each six-month period so as to enable the County Auditor-Controller to distribute from the RPTTF to the Agency Participant’s Redevelopment Obligation Retirement Fund on January 2 100% of Annual Debt Service and on June 1 any additional amounts required for the Agency Participant to pay principal of, and interest on, the Local Obligations coming due in the following 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 the principal of, premium (if any) and interest due 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 remitted to the Agency Trustee for the payment of the Local Obligations to the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5 of the California Health and Safety Code.

Limited Obligations 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 limited obligations of the Agency Participant and the Project Area payable solely from and secured by the Tax Revenues to be derived from the Project Area, and from the amounts on deposit in certain funds as further described in Appendix A. In some instances, payment of the principal of, premium (if any) and interest on the Local Obligations is subordinate to payment of principal of, premium (if any) and interest on certain other outstanding obligations 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 its Local Obligations under the Agency Indenture. 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; provided that the Agency Participant may create or allow to exist with respect to any other project area of the Agency Participant liens equal in priority on that portion of Tax Revenues constituting moneys deposited from time to time in the RPTTF as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act if such lien includes all taxes annually allocated and paid to the Agency Participant with respect to such other project area 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. The Local Obligations are 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 Series 2014C 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 Insured Series 2014 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 I 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”) 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 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 June 30, 2014, AGM's policyholders' surplus and contingency reserve were approximately \$3,654 million and its net unearned premium reserve was approximately \$1,850 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); and
- (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).

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 XIII A of the California Constitution. Section 1(a) of Article XIII A 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 XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." 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 XIII A 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 XIII A. 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 XIII A. 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 XIII A 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 XIII A 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 XIII A.

Article XIII B of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B 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 XIII B 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 XIII B 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 XIII C and XIII D 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 XIII C 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 certainty 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 XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in 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 XIII A (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 XIII A 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 Area is subject to certain dates for the termination of the Redevelopment Plan 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 Plan is as described in Appendix A under the caption "THE REDEVELOPMENT PLAN – Financial Limitations." For purposes of the projections in the forefront 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 with the exception that the limit on the time to receive Tax Revenues is assumed to be inapplicable to the portion of the Series M Bonds being applied to refund the Series H Bonds based on Health and Safety Code section 33333.6(g).

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 Area. 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 XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The 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 Area.

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, redemption 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 of 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 Area, the supply of or demand for competitive properties in the Project Area, 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, is determined by the incremental assessed value of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed, and the percentage of taxes collected in the Project Area. 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 Area or a reduction of the rate of increase in taxable values of property in the Project Area caused by economic or other factors beyond the Agency Participant's control (such as a relocation out of the Project Area 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 Area and in relation to the concentration of property in the Project Area in terms of size or land use. The Project Area has a large concentration of ownership among the largest property taxpayers. See "THE PROJECT AREA – General" and "SPECIAL RISK FACTORS – Concentration of Ownership" in Appendix A.

Any reduction in the tax rate applicable to property in the Project Area, 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 XIII A. 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 Area, 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 Area, 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 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 Area Tax Revenues

Tax increment revenues allocated to the Project Area and pledged to pay debt service on one or more series of refunding bonds issued by the Agency Participant with respect to the Project Area are, unless in the case of a common or parity lien, not available to pay debt service on any other series of bonds issued by the Agency Participant. Debt service payable on each Series of the Series 2014 Bonds has been calculated based on the assumption that the Agency Participant and the Project Area will generate sufficient Tax Revenues to timely pay debt service on the Local Obligations with respect to the Project Area and that the aggregate of the debt service on all Local Obligations relating to a Series of Series 2014 Bonds will be available in an amount sufficient to timely pay debt service on such Series of 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 Area causing a default in the payment of one or more of the Local Obligations, and should the debt service reserve account established for such 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 related Series of 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 XIII A 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 AREA” hereto for a summary of historical assessed valuation of property in the Project Area, 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 Area, or impair the ability of landowners within the Project Area 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 Area, including the Southern Segment of the San Andreas Fault that could potentially result in damage to buildings, roads, bridges, and property within the Project Area in the event of an earthquake. For summary information regarding natural disasters and seismic hazards concerning the Project Area, 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 Area, 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 Area. 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 Area 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 Area 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 AREA – Assessment Appeals” in Appendix A for a discussion of historical assessment appeals in the Project Area.

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 – “CRA/LA, A DESIGNATED LOCAL AUTHORITY – 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 Area. If there is a decline in the general economy of the Project Area, 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 Area 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 Area could, without consent of the Agency Participant, and in certain cases without the consent of the owners of the land within the Project Area, 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 XIII A, Article XIII B 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 2014C 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 2014C 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 2014C 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 2014C 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 OPINIONS OF BOND COUNSEL.”

To the extent the issue price of any maturity of the Series 2014C Bonds is less than the amount to be paid at maturity of such Series 2014C Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014C 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 2014C 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 2014C Bonds is the first price at which a substantial amount of such maturity of the Series 2014C 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 2014C Bonds accrues daily over the term to maturity of such Series 2014C 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 2014C Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014C Bonds. Beneficial Owners of the Series 2014C Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014C Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2014C Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014C Bonds is sold to the public.

Series 2014C 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 2014C 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 2014C 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 2014C Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014C 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 2014C Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C Bonds. Prospective purchasers of the Series 2014C 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 2014C 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 2014C Bonds ends with the issuance of the Series 2014C 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 2014C 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 2014C 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 2014C Bonds, and may cause the Authority or Beneficial Owners to incur significant expense.

Series 2014D Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series 2014D Bonds that acquire their Series 2014D Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not

take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2014D Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their Series 2014D Bonds pursuant to this offering for the issue price that is applicable to such Series 2014D Bonds (i.e., the price at which a substantial amount of the Series 2014D Bonds are sold to the public) and who will hold their Series 2014D Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Series 2014D Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series 2014D Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2014D Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2014D Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2014D Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming compliance with certain covenants, interest on the Series 2014D Bonds is exempt from State of California personal income taxes. Interest on the Series 2014D Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or amount, accrual or receipt of interest on, the Series 2014D Bonds. A complete copy of the proposed form of opinion is set forth in APPENDIX E – “FORM OF OPINIONS OF BOND COUNSEL.”

Stated interest on the Series 2014D Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. Federal income tax purposes.

The Series 2014D Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the Series 2014D Bonds is not expected to exceed their issue price, or because any such excess is expected to only be a *de minimis* amount (as determined for tax purposes).

Disposition of the Series 2014D Bonds. Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2014D Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2014D Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2014D Bond) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2014D Bond (generally, the purchase price paid by the Series 2014D Bond decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the Series 2014D Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2014D Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Tax on Net Investment Income. Certain non-corporate U.S. Holders of Series 2014D Bonds will be subject to a 3.8% tax on the lesser of (1) the U.S. Holder's "net investment income" (in the case of individuals) or "undistributed net investment income" (in the case of estates and certain trusts) for the relevant taxable year and (2) the excess of the U.S. Holder's "modified adjusted gross income" (in the case of individuals) or "adjusted gross income" (in the case of estates and certain trusts) for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's calculation of net investment income generally will include its interest income on the Series 2014D Bonds and its net gains from the disposition of the Series 2014D Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the Series 2014D Bonds.

Information Reporting and Backup Withholding. Payments on the Series 2014D Bonds generally will be subject to U.S. information reporting and "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2014D Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the Series 2014D Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2014D Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," payments of principal of, and interest on, any Series 2014D Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Authority through stock ownership and (2) a bank which acquires such Series 2014D Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Series 2014D Bond provides a certification completed in compliance with

applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the Series 2014D Bonds. Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “FATCA,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2014D Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Series 2014D Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such Series 2014D Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading “FATCA,” under current U.S. Treasury Regulations, payment of principal and interest on any Series 2014D Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Series 2014D Bond or a financial institution holding the Series 2014D Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the Series 2014D Bonds that are not United States persons and copies of such owners’ certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28%.

In addition, if the foreign office of a foreign “broker,” as defined in applicable U.S. Treasury regulations pays the proceeds of the sale of a Series 2014D Bond to the seller of the Series 2014D Bond, backup withholding and information reporting requirements will not apply to such payments provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-1(c)(2)) or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a Series 2014D Bond will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. Office of a broker of the proceeds of a sale of a Series 2014D Bond, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

FATCA. Sections 1471 through 1474 of the Code, impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of U.S. source interest (including OID) and sales proceeds of debt obligations held by or through a foreign entity. Withholding under FATCA generally will apply to (i) payments of U.S. source interest (including OID) made after June 30, 2014, (ii) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (iii) certain foreign “pass-thru” payments no earlier than January 1, 2017, but exempt from withholding any payments made on and proceeds realized from the disposition of obligations that are outstanding on July 1, 2014 and are not substantially modified after that date, which exemption should exclude the Series 2014D Bonds from the withholding provisions of FATCA. Prospective investors should nonetheless consult their own tax advisors regarding FATCA and its effect on them.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the Authority and its tax advisors are (or may be) required to inform prospective investors that:

- i. any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;
- ii. any such advice is written to support the promotion or marketing of the Series 2014D Bonds and the transactions described herein; and
- iii. each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

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 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 G – "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 OPINIONS 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 Agency Participant for the fiscal year ended June 30, 2013, were prepared by Simpson and Simpson, Certified Public Accountants. Excerpts of the Agency Participant's audited annual financial statements for the fiscal year ended June 30, 2013, 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 redemption 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 Obligation Purchase Contracts 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.

A number of claims and suits are pending against the Agency Participant 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 large redevelopment agency. Included among such claims are actions under Americans with Disabilities Act regulations and related federal investigations concerning compliance with such regulations. For a discussion of certain ongoing litigation involving the Agency Participant and related contingent liabilities, see Note 3I in Agency Participant's Financial Statements and Independent Auditor's Report for the fiscal year ended June 30, 2013 attached hereto as Appendix C.

Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of the Agency Participant, the Agency Participant has strong defenses against such claims, and thus the exposure under these claims and suits, if any, not properly allocable to developers and other non-profit partners, will not materially affect the financial position of the Agency Participant or its ability to pay debt service in general. The Agency Participant does not believe that an adverse ruling in any of these other proceedings would have a material adverse effect upon Tax Revenues available to pay debt service on the Local Obligations. In addition to these specific claims, certain litigation may affect the distribution of property tax revenues or other monies to the Agency Participant under the Dissolution Act. 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. 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, including the Agency Participant, 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, including the Agency Participant 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. A hearing before the trial court is scheduled for October 22, 2014 to address the status of the litigation involving LAUSD and LACCD; this hearing will also include the opportunity for any public entities with objections to the proposed pass-through allocation calculation methodology to present the objections to the trial court. LAUSD has 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. It is unclear what liability, if any, the Agency Participant may have to LAUSD or LACCD at this time or to other school district within its boundaries.

If the Agency Participant is found liable, under the Dissolution Act, it is unclear whether any amounts owed by the Agency Participant as a result of the LAUSD or LACCD cases would be senior or subordinate to the payment of debt service on the Local Obligations. Notwithstanding the foregoing, due to the amount of residual tax increment revenues generated from the Project Area, neither of the Authority nor the Agency Participant expect the final judgment or similar resolution of either litigation to result in a material adverse impact on the ability of the Agency Participant to make timely payments of debt service on the Local Obligations when due. See Appendix A under the caption “THE PROJECT AREA – Estimated Debt Service Coverage.”

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 each the Insured Series 2014 Bonds by AGM. Standard and Poor’s has assigned the uninsured Series 2014C Bonds (and underlying rating for Insured Series 2014C Bonds) its municipal bond rating of “A+” and the Series 2014D Bonds (and underlying rating for Insured Series 2014D 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 of 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 2014C Bonds from the Authority at an aggregate purchase price of \$175,725,433.98 (consisting of the aggregate principal amount of the Series 2014C Bonds of \$148,640,000, plus original issue premium of \$27,779,832.10 and less underwriters’ discount of \$694,398.12), pursuant to the terms of the Bond Purchase Agreement. The Underwriters have agreed to purchase the Series 2014D Bonds from the Authority at an aggregate purchase price of \$22,323,923.94 (consisting of the aggregate principal amount of the Series 2014D Bonds of \$22,440,000 less underwriters’ discount of \$116,076.06), 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 of Series 2014 Bonds offered under the Bond Purchase Agreement if any of such Series of 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
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APPENDIX A

CRA/LA – BUNKER HILL URBAN RENEWAL PROJECT 1B

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APPENDIX A

CRA/LA, A DESIGNATED LOCAL AUTHORITY

(BUNKER HILL URBAN RENEWAL PROJECT 1B)

The following information regarding the CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles (the “CRA/LA”), The Community Redevelopment Agency of the City of Los Angeles (the “Former Los Angeles CRA”), the Bunker Hill Urban Renewal Project 1B (the “Bunker Hill Project”), the area designated as the Bunker Hill Urban Renewal Project 1B (the “Bunker Hill Project Area”) and the City of Los Angeles (the “City”) is presented as additional and specific information with respect to the CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Tax Allocation Refunding Bonds, Series M (the “Series M Bonds”) and the CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Tax Allocation Refunding Bonds, Series N (Federally Taxable) (the “Series N Bonds”; and together with the Series M Bonds, the “CRA/LA-Bunker Hill Refunding Bonds”) being purchased by the Authority, which are payable solely from Tax Revenues (as defined in this Appendix A) attributable to the Bunker Hill Project 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 October 1, 2014 (the “CRA/LA-Bunker Hill Indenture”), by and between the CRA/LA and U.S. Bank National Association, as trustee (the “Agency Trustee”), relating to the CRA/LA-Bunker Hill Refunding Bonds. The information set forth in this Appendix A has been obtained from the CRA/LA, Keyser Marston Associates, Inc. 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 CRA/LA’s Bunker Hill Project. 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 CRA/LA-Bunker Hill Indenture, as applicable. See APPENDIX D — “SUMMARY OF TRUST AGREEMENT” attached to this Official Statement.

TABLE OF CONTENTS

	<u>Page</u>
CRA/LA, A DESIGNATED LOCAL AUTHORITY	A-4
General.....	A-4
The Redevelopment Plan and the Project Area	A-5
Other Project Areas.....	A-5
Tax Revenues.....	A-6
Purpose of Refunding	A-7
Security for the Refunding Bonds	A-7
Senior Obligations	A-7
Other Obligations.....	A-7
Subordinate Obligations	A-8
Litigation	A-8
Financial Statements.....	A-8
Continuing Disclosure	A-9
THE REFUNDING PLAN	A-9
THE REFUNDING BONDS	A-10
Authority for Issuance	A-10
Description of the Refunding Bonds	A-11
Redemption of CRA/LA-Bunker Hill Refunding Bonds.....	A-12
Selection of Bonds for Redemption and Payment of Redeemed Bonds	A-14
Purchase in Lieu of Redemption.....	A-14
Debt Service Schedule.....	A-15
SECURITY FOR THE REFUNDING BONDS.....	A-15
General.....	A-15
Reserve Account.....	A-17
Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund.....	A-18
Parity Debt Limited to Refunding Bonds	A-20
Investment of Moneys in Funds and Accounts.....	A-20
Covenants of the CRA/LA With Respect To Tax Revenues	A-21
Limited Obligations	A-21
Tax Revenues.....	A-22
No Pass-Through Agreements	A-22
Statutory Pass-Through Amounts.....	A-22
Low and Moderate Income Housing Fund; Affordable Housing Provisions	A-23
THE REDEVELOPMENT PLAN.....	A-24
General.....	A-24
Financial Limitations	A-24
Project Area Plan Limitations.....	A-24
THE PROJECT AREA	A-26
General.....	A-26
Ten Largest Taxpayers	A-27
Assessed Valuation.....	A-29
Levy and Collections	A-29
Assessment Appeals	A-30
Projected Tax Revenues.....	A-32
Estimated Debt Service Coverage	A-34
Property Tax and Spending Limitations	A-35
Unitary Property	A-35

SPECIAL RISK FACTORS	A-36
Tax Revenues.....	A-36
Projected Tax Revenues.....	A-36
Redevelopment Plan Limits.....	A-37
Parity and Subordinate Debt.....	A-37
Concentration of Ownership.....	A-37
Natural Disasters; Seismic Hazards.....	A-38

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 CRA/LA 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunding Bonds, the CRA/LA-Bunker Hill Indenture, the CRA/LA, the Former Los Angeles CRA, 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 CRA/LA-Bunker Hill Refunding Bonds, the CRA/LA-Bunker Hill 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 Los Angeles CRA and the CRA/LA are qualified in their entirety by reference to such documents. Copies of the proceedings of the CRA/LA referred to above, the CRA/LA-Bunker Hill Indenture and other documents described in this Appendix A are available for inspection at the offices of the CRA/LA, at 448 South Hill Street, Suite 1200, Los Angeles, California 90013.

The CRA/LA 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 CRA/LA-Bunker Hill Refunding Bonds.

CRA/LA, A DESIGNATED LOCAL AUTHORITY

General

The Former Los Angeles CRA 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 an ordinance of the Los Angeles City Council adopted in 1948. 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, and AB 1484, and subsequent amendments are referred to as the “Dissolution Act”).

On January 11, 2012, the Los Angeles City Council adopted Resolution 14-A to elect not to become the successor agency for the Former Los Angeles CRA as part of City Council File No. 12-0049. Subsequently, and as authorized by State law, Governor Brown appointed three County residents to serve as the governing board of the Designated Local Authority (“CRA/LA-DLA”). Pursuant to Section 34173 of the Dissolution Act, the CRA/LA-DLA on February 3, 2012, adopted Resolution No. 001 to establish the CRA/LA to serve as the successor agency to the Former Los Angeles CRA.

The City is the second most populous city in the United States with an estimated 2013 population of over 3.86 million persons. The City is the principal city of a metropolitan region stretching from the City of Ventura to the north, the City of San Clemente to the south, the City of San Bernardino to the east, and the Pacific Ocean to the west.

The City and its surrounding metropolitan region have continued to experience growth in population and in economic diversity. The City's 470 square miles contain 11.5% of the area and about 39% of the population of the County. Tourism and hospitality, professional and business services, direct international trade, entertainment (including motion picture and television production), and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical, digital information technology, and environmental technology. The County is a top-ranked county in manufacturing in the nation. Important components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal, and food. Fueled by trade with the Pacific Rim countries, the Ports of Los Angeles and Long Beach combined rank first in the nation in volume of cargo shipped and received. As home to the film, television and recording industries, as well as important cultural facilities, the City serves as a principal global cultural center.

The Redevelopment Plan and the Project Area

The CRA/LA-Bunker Hill Refunding Bonds are principally payable from Tax Revenues (as defined in this Appendix A) attributable to the Bunker Hill Project Area. The original Redevelopment Plan for the Bunker Hill Project was adopted by the Los Angeles City Council on March 31, 1959 by Ordinance 113,231; the Amended Redevelopment Plan for the Bunker Hill Project (the "Redevelopment Plan") was adopted by the Los Angeles City Council on January 12, 1968 by Ordinance No. 135,900. See "THE REDEVELOPMENT PLAN — Project Area Plan Limitations" in this Appendix A for a list of all amendments to the Redevelopment Plan.

The Bunker Hill Project Area encompasses approximately 133 acres in the downtown area of the City, and is bounded by First Street on the north, Hill Street on the east, Fourth and Fifth Streets on the south and the Harbor 110 Freeway on the west. The Project Area is CRA/LA's first and oldest redevelopment project area.

Other Project Areas

Including the Bunker Hill Project Area, there are 31 total active redevelopment project areas administered by the CRA/LA. NONE OF THE TAX REVENUE GENERATED FROM PROPERTY LOCATED IN A PROJECT AREA OTHER THAN THE BUNKER HILL PROJECT AREA IS DIRECTLY PLEDGED TO PAY DEBT SERVICE ON THE CRA/LA-BUNKER HILL REFUNDING BONDS. However, pursuant to Section 34177.5(g) of the Dissolution Act, bonds issued by a successor agency, including CRA/LA, are secured by a pledge and lien on all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund ("RPTTF"). See "— Tax Revenues" below. Such pledge and lien would be junior to and subordinate to any existing pledges or liens on such tax revenues. Accordingly, tax revenue generated from property located in one of the other project areas administered by CRA/LA, subject to existing liens and priority claims, is available to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds, if available pursuant to paragraph (2) of subdivision (a) of Section 34183 and Section 34177.5(g) of the Dissolution Act.

The table below sets forth the residual tax revenues which were distributed to taxing entities for each of CRA/LA's Recognized Obligation Payment Schedule ("ROPS") periods since July 1, 2012. Amounts from other project areas have not been included in any of the Tax Revenue projections contained in this Appendix.

TABLE A-1
CRA/LA – ALL PROJECT AREAS
HISTORICAL RESIDUAL RPTTF REVENUES

ROPS Period	Property Tax Deposits (RPTTF)	County Administrative Distributions	Pass-Through Distributions	Actual Enforceable Obligations Payments	Residual RPTTF Revenues
July 1, 2012 to December 31, 2012	\$109,425,784.00	\$ (298,929.77)	\$(15,332,274.52)	\$(23,564,562.00)	\$ 70,230,017.71
January 1, 2013 to June 30, 2013	142,242,217.15	(5,142,872.17)	(32,811,995.53)	(36,008,903.00)	68,278,446.45
July 1, 2013 to December 31, 2013	161,985,503.09	(751,670.36)	(22,567,574.34)	(70,331,277.00)	68,334,981.39
January 1, 2014 to June 30, 2014	128,415,290.35	(4,950,226.96)	(31,202,113.13)	(33,120,332.00)	59,142,618.26
July 1, 2014 to December 31, 2014	182,969,998.28	(925,525.08)	(27,555,364.32)	(42,843,910.00)	111,645,198.88

Source: Los Angeles County Auditor-Controller.

See the Fiscal Consultant’s Report attached as Appendix B to this Official Statement for additional information related to all of CRA/LA’s 31 active project areas, including a description of the concentration of ownership across all such project areas. As the CRA/LA continues to wind down its affairs pursuant to the Dissolution Act, residual RPTTF revenues are expected to increase as enforceable obligations are retired. This will be offset to some extent by the project areas reaching their respective plan limits affecting CRA/LA’s eligibility to receive tax revenues from such project areas.

Tax Revenues

The CRA/LA-Bunker Hill Refunding Bonds will be secured by “Tax Revenues” as provided under the CRA/LA-Bunker Hill Indenture.

As defined in the CRA/LA-Bunker Hill Indenture, the term “Tax Revenues” means all taxes annually allocated within the Plan Limit and paid to the CRA/LA with respect to the Bunker Hill Project Area 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 Plan available on an annual basis after and subject to allocation as CRA Pledged Tax Revenues as defined in the 2007 Indenture with respect to the Series 2007A Bonds (as defined below under “— Senior Obligations”), subject to applicable subordination to debt service on bonds, including all payments, subventions and reimbursements, if any, to the CRA/LA specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding payments to the CRA/LA with respect to personal property within the Bunker Hill Project Area pursuant to Section 16110 *et seq.* of the California Government Code and any amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law, but only to the extent that such amounts are not subordinated to the payment of debt service on the Bonds and excluding Investment Earnings.

Tax Revenues additionally includes moneys deposited from time to time in the RPTTF, as and if available and subject to other claims, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act, as and if available and subject to the equal and senior claims of indebtedness, if any, which may be attributable to project areas of the CRA/LA, other than the Bunker Hill Project Area, if any. 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.

Purpose of Refunding

Proceeds of the CRA/LA-Bunker Hill Refunding Bonds will be used (i) to refund a portion of the outstanding bonds of the CRA/LA relating to the Bunker Hill Project (the bonds being refunded are referred to in this Appendix A as the “CRA/LA-Bunker Hill Refunded Bonds”), (ii) to acquire the Reserve Policy, and (iii) to pay the costs of issuing the CRA/LA-Bunker Hill Refunding Bonds, including the payment of premium with respect to bond insurance policy. See “THE REFUNDING PLAN” in this Appendix A. The CRA/LA-Bunker Hill Refunded Bonds were issued to finance and refinance certain improvements in, or benefiting, the Bunker Hill Project Area.

Security for the Refunding Bonds

Tax revenues generated from the incremental taxable value in the Bunker Hill Project Area 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 with respect to CRA/LA and the Bunker Hill Project Area 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunded Bonds, payment of the principal of and interest on the CRA/LA-Bunker Hill Refunding Bonds will be subordinate to The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series A (the “Series 2007A Bonds”), issued in the original principal amount of \$11,345,000, pursuant to the Indenture of Trust, dated as of June 1, 2007 (the “Series 2007 Indenture”), among the Former Los Angeles CRA and the Agency Trustee, of which \$9,210,000 remains outstanding. The definition of Tax Revenues excludes revenues allocated to payment of principal and interest on the Series 2007A Bonds. Additionally, the pledge on the portion of Tax Revenues deposited in the RPTTF from other project areas of CRA/LA is junior to and subordinate to certain pledges or liens on such residual tax revenues in favor of enforceable obligations secured by pledges or liens on tax revenues of such project areas. Other bonds of CRA/LA currently have, and future bonds and obligations will have, a parity claim on moneys deposited into the RPTTF.

Other Obligations

Certain additional obligations of the CRA/LA referred to as The Community Redevelopment Agency of the City of Los Angeles, California Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series B (the “Series 2007B Bonds”), issued in the original principal amount of \$8,615,000 pursuant to the Series 2007 Indenture, also remain outstanding in the amount of \$6,195,000. The Series 2007B Bonds are secured by retail transactions and use tax revenues pledged by the Los Angeles County Metropolitan Transportation Authority (the “MTA”) pursuant to a Pledge Agreement between MTA and the Agency Trustee, dated as of June 1, 2007. The Series 2007B Bonds do not have a lien on Tax Revenues.

Subordinate Obligations

The CRA/LA has certain other obligations that are payable from Tax Revenues on a basis subordinate to the CRA/LA-Bunker Hill Refunding Bonds. These subordinate obligations include obligations under various agreements with various third parties including the County of Los Angeles, The Los Angeles Grand Avenue Authority, Grand Avenue L.A., LLC, and The Broad Collection, under which the CRA/LA is obligated to make payments in excess of \$45 million over the course of several years in connection with the development of retail, hotel, office, housing (including affordable housing), public plaza and public parking improvements in the Bunker Hill Project Area.

Litigation

On August 6, 2013, the City filed a claim for repayment of approximately \$50,700,000 in no-term federal Community Development Block Grant (CDBG) obligations. The claim was denied by the CRA/LA on September 5, 2013. The CRA/LA has been made aware of a suit filed on March 5, 2014 in the Sacramento Superior Court by the City naming the CRA/LA as the defendant. The CRA/LA has not been served in this matter and as such an analysis of any potential liability of the CRA/LA is premature.

A number of other claims and suits are pending against the CRA/LA 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 large redevelopment agency. Included among such claims are actions under the Americans with Disabilities Act regulations and related federal investigations concerning compliance with such regulations. For a discussion of certain ongoing litigation involving CRA/LA and related contingent liabilities, see Note 3I in CRA/LA's Financial Statements and Independent Auditor's Report as of and for the fiscal year ended June 30, 2013 attached hereto as Appendix A.

Although the aggregate amount asserted for such lawsuits and claims is significant, in the opinion of the CRA/LA, the CRA/LA has strong defenses against such claims, and thus the exposure under these claims and suits, if any, not properly allocable to developers and other non-profit partners, will not materially affect the financial position of the CRA/LA or its ability to pay debt service in general. In addition, the CRA/LA 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 former redevelopment agency and now as a successor agency. The CRA/LA does not believe that an adverse ruling in any of these other proceedings would have a material adverse effect on CRA/LA's ability to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds. In addition to these specific claims, certain litigation may affect the distribution of property tax revenues or other monies to the CRA/LA under the Dissolution Act. See "LITIGATION" in the forepart of this Official Statement.

There is no action, suit or proceeding pending or, to the knowledge of the CRA/LA officials, threatened, restraining or enjoining the execution or delivery of the CRA/LA-Bunker Hill Refunding Bonds or the CRA/LA-Bunker Hill Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the CRA/LA, or its Oversight Board taken with respect to any of the foregoing.

Financial Statements

A copy of the CRA/LA's audited financial statements and independent auditor's report as of and for the fiscal year ended June 30, 2013 was prepared by the certified public accounting firm of Simpson & Simpson, and is attached hereto as part of Appendix C. The CRA/LA 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.

Continuing Disclosure

The CRA/LA 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 CRA/LA'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 Former Los Angeles CRA, prior to its dissolution, and thereafter CRA/LA, 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 Los Angeles CRA's outstanding debt obligations and the failure to file material event notices relating to rating changes on its outstanding debt obligations. However, CRA/LA has brought itself current with respect to its past filings and has posted the current ratings on all its outstanding debt obligations. CRA/LA has also taken steps in order to ensure future timely compliance with all of its outstanding continuing disclosure obligations, including the adoption of continuing disclosure procedures. Pursuant to the Continuing Disclosure Agreement between the Authority and the CRA/LA, the Authority will act as Dissemination Agent and file the annual reports and notices related to the CRA/LA-Bunker Hill Refunding Bonds with the MSRB through EMMA.

CRA/LA has been advised by Southwest Securities ("Southwest") that the Former Los Angeles CRA is being reported by Southwest under the current Municipalities Continuing Disclosure Cooperation ("MCDC") initiative of the SEC. The reporting relates to the Former Los Angeles CRA 2009 Adelante Eastside Tax Allocation Bonds, Series D regarding statements in the official statements for that transaction that the Former Los Angeles CRA was in compliance with all continuing disclosure requirements. CRA/LA has contested Southwest's determination. MCDC is a program allowing issuers and underwriters to voluntarily report non-compliance with disclosure obligations. The deadline for underwriting firms to report was September 10, 2014. The deadline for issuers to report is December 1, 2014. The CRA/LA is in the process of evaluating whether it will participate in MCDC.

THE REFUNDING PLAN

Net proceeds of the CRA/LA-Bunker Hill Refunding Bonds will be used to refund CRA/LA's outstanding obligations listed below (collectively, the bonds being refunded are referred to in this Appendix A as the "CRA/LA-Bunker Hill Refunded Bonds"). The CRA/LA-Bunker Hill Refunded Bonds include:

1. The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Tax Allocation Refunding Bonds, Series H (the "Series H Bonds"), issued in the original principal amount of \$202,175,000 pursuant to that certain Fiscal Agent Agreement between the Former Los Angeles CRA and the Agency Trustee, as fiscal agent, dated as of December 1, 1993, as amended and supplemented by a First Amendment to Fiscal Agent Agreement, dated as of April 1, 2004, and the Second Amendment to Fiscal Agent Agreement dated as of May 1, 2004 (collectively, the "Series H Fiscal Agent Agreement"). The proceeds of the refunding of the Series H Bonds will be used to redeem the 2004A Authority Bonds and the 2004B Authority Bonds, described below, which are secured by the Series H Bonds:

- a. Community Redevelopment Financing Authority of The Community Redevelopment Agency of the City of Los Angeles, California Bunker Hill Project Revenue Bonds, Series 2004A (the "Series 2004A Authority Bonds"), in the aggregate amount of \$181,510,000, issued pursuant to an Indenture dated as of May 1, 2004 (the "2004 Authority Indenture") between the Community Redevelopment Financing Authority of The Community Redevelopment Agency of the City of Los Angeles and the Agency Trustee, as trustee, of which \$174,105,000 is currently outstanding.

b. Community Redevelopment Financing Authority of The Community Redevelopment Agency of the City of Los Angeles, California Bunker Hill Project Revenue Bonds, Series 2004B (Federally Taxable) (the “Series 2004B Authority Bonds”), in the aggregate amount of \$87,550,000, issued pursuant to the 2004 Authority Indenture, of which \$29,920,000 is currently outstanding.

2. The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Subordinate Lien Tax Allocation Bonds, Series 2004L (the “Series L Bonds”) in the original principal amount of \$30,955,000, issued pursuant to an Indenture between the Former Los Angeles CRA and the Agency Trustee, as trustee, dated as of May 1, 2004 (the “Series L Indenture”), of which \$13,215,000 is currently outstanding.

The CRA/LA is issuing the CRA/LA-Bunker Hill Refunding Bonds to provide moneys (together with other available funds of the CRA/LA) necessary to refund and defease the CRA/LA-Bunker Hill Refunded Bonds in whole. The net proceeds of the CRA/LA-Bunker Hill Refunding Bonds, along with certain remaining funds held under the indentures relating to the CRA/LA-Bunker Hill Refunded Bonds, will be used to establish an escrow fund for the Series H Bonds (the “Series H Escrow Fund”) and an escrow fund for the Series L Bonds (the “Series L Escrow Fund”; and, together with the Series H Escrow Fund, the “Escrow Fund”), to be held in trust by the Agency Trustee, acting as escrow agent (the “Escrow Agent”) under two Escrow Agreements between the CRA/LA and the Escrow Agent: (i) an Escrow Agreement dated as of October 1, 2014 between the CRA/LA and the Escrow Agent relating to the Series H Bonds (the “Series H Escrow Agreement”), and (ii) an Escrow Agreement dated as of October 1, 2014 between the CRA/LA and the Escrow Agent relating to the Series L Bonds (the “Series L Escrow Agreement”; and, together with the Series H Escrow Agreement, the “Escrow Agreements”). The CRA/LA will apply \$26,391,681.78 currently on deposit under the indentures in connection with the CRA/LA-Bunker Hill Refunded Bonds and apply such funds to the Escrow Fund. Proceeds deposited into the Escrow Fund will be held pursuant to the Escrow Agreements and applied as follows: (a) \$209,269,252 will be invested in State and Local Governmental Securities and applied to pay principal and interest on the Series H Bonds due on December 1, 2014, and the redemption price of the Series H Bonds on December 1, 2014, and (b) \$13,377,555 will be held uninvested in cash and applied to pay principal and interest on the Series L Bonds due on December 1, 2014, and the redemption price of the Series L Bonds on December 1, 2014; the CRA/LA-Bunker Hill Refunded Bonds are redeemable as set forth above at a redemption price 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 CRA/LA-Bunker Hill Refunded Bonds will no longer be deemed outstanding.

The moneys and securities held by the Escrow Agent are pledged to the payment of the CRA/LA-Bunker Hill Refunded Bonds. Moneys deposited in the Escrow Fund are not available to pay principal or interest on the CRA/LA-Bunker Hill Refunding Bonds.

THE REFUNDING BONDS

Authority for Issuance

The CRA/LA-Bunker Hill Refunding Bonds were authorized for issuance pursuant to the CRA/LA-Bunker Hill Indenture and the Dissolution Act. The issuance of the CRA/LA-Bunker Hill Refunding Bonds and the execution and delivery of the CRA/LA-Bunker Hill Indenture were authorized by the CRA/LA pursuant to Resolution No. 052 adopted on July 8, 2014 (the “Resolution”), and by the Oversight Board of the CRA/LA, a Designated Local Authority (the “Oversight Board”) pursuant to Resolution No. OB 14-12 adopted on July 30, 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 September 29, 2014, which is within the time period allotted under the Dissolution Act for the DOF to review the Oversight Board’s approving resolution, the DOF provided a letter to the CRA/LA stating that based on the DOF’s review and application of the Law, the Oversight Board Action approving the CRA/LA-Bunker Hill Refunding Bonds is approved by the DOF. See APPENDIX F — “STATE DEPARTMENT OF FINANCE LETTER.”

Description of the Refunding Bonds

The Series M Bonds will be designated the “CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, Bunker Hill Project, Tax Allocation Refunding Bonds, Series M” in the aggregate principal amount of \$148,640,000. The Series N Bonds will be designated the “CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, Bunker Hill Project, Tax Allocation Refunding Bonds, Series N (Federally Taxable)” in the aggregate principal amount of \$22,440,000.

The CRA/LA-Bunker Hill Refunding Bonds will be issued as fully registered bonds in denominations of \$5,000, or any integral multiple of \$5,000 (not exceeding the principal amount of such CRA/LA-Bunker Hill Refunding Bonds maturing at any one time). Each Series of CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Indenture. As defined in the CRA/LA-Bunker Hill Indenture, the term “Interest Payment Date” will mean any June 1 or December 1 on which interest on any Series of Bonds is scheduled to be paid, commencing June 1, 2015, with respect to the CRA/LA-Bunker Hill Refunding Bonds. Principal on the Series M Bonds will be due on June 1 and December 1, as shown below. Principal on the Series N Bonds will be due on December 1, as shown below.

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

Maturity Date	Principal Amount	Interest Rate
June 1, 2015	\$ 715,000	2.000%
December 1, 2015	735,000	2.000
June 1, 2016	1,055,000	3.000
December 1, 2016	1,065,000	3.000
June 1, 2017	1,090,000	4.000
December 1, 2017	1,100,000	4.000
June 1, 2018	3,565,000	5.000
December 1, 2018	6,440,000	5.000
June 1, 2019	3,820,000	5.000
December 1, 2019	6,695,000	5.000
June 1, 2020	4,080,000	5.000
December 1, 2020	6,965,000	5.000
June 1, 2021	4,360,000	5.000
December 1, 2021	7,250,000	5.000
June 1, 2022	4,645,000	5.000
December 1, 2022	7,545,000	5.000
June 1, 2023	4,950,000	5.000
December 1, 2023	7,860,000	5.000
June 1, 2024	5,275,000	5.000
December 1, 2024	8,190,000	5.000
June 1, 2025	5,610,000	5.250
December 1, 2025	8,540,000	5.250
June 1, 2026	5,980,000	5.250
December 1, 2026	8,920,000	5.250
June 1, 2027	6,860,000	5.000
December 1, 2027	8,840,000	5.000
December 1, 2028*	16,490,000	5.000

* Term bond.

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

Maturity Date (December 1)	Principal Amount	Interest Rate
2015	\$ 7,415,000	0.480%
2016	7,475,000	1.000
2017	7,550,000	1.500

Redemption of CRA/LA-Bunker Hill Refunding Bonds

Optional Redemption of Series M Bonds. The Series M Bonds maturing on or after June 1, 2025 will be subject to optional redemption on any date on and after December 1, 2024, in integral multiples of \$5,000, from any source of available funds, at the times, at the redemption prices and in the manner provided in the CRA/LA-Bunker Hill Indenture, at the direction of the CRA/LA, so as to cause such Callable Authority Bonds as are specified by the CRA/LA to be mandatorily redeemed pursuant to the Trust Agreement from the Prepayment resulting from the optional redemption of such Series M Bonds.

In order to effect such optional redemption of Series M Bonds, the CRA/LA will deliver to the Agency Trustee (i) a Written Request of the Agency specifying (A) the maturity or maturities, and the principal amount or amounts (or portion thereof), of the Callable Authority Bonds to be mandatorily redeemed from such Prepayment, (B) the date on which such Callable Authority Bonds are to be mandatorily redeemed from such Prepayment (which redemption date will be a date on which such Callable Authority Bonds are subject to mandatory redemption pursuant to the Trust Agreement), (C) the amount of each mandatory sinking account installment for the Authority Bonds to be Outstanding after the date of such mandatory redemption from such Prepayments, and (D) the amount of the Prepayment (or redemption price) necessary to cause such mandatory redemption of such Callable Authority Bonds, and (ii) a Cash Flow Certificate of an Independent Financial Consultant (A) demonstrating that, if such Prepayment is allocated and applied to the redemption of Series M Bonds as provided in the CRA/LA-Bunker Hill Indenture, the debt service on the Series M Bonds, together with the debt service payable on all other Local Obligations (as defined in the Trust Agreement), payable on each Interest Payment Date after such redemption date will be sufficient, but not materially more than sufficient, to pay debt service on the Authority Bonds to be Outstanding on such Interest Payment Date, (B) specifying the principal amount, as of such redemption date, of the Series M Bonds, or portion thereof, to the optional redemption of which such Prepayment is to be allocated and applied as provided in the CRA/LA-Bunker Hill Indenture, (C) specifying the amount of the redemption premium, if any, to be paid in connection with such optional redemption of such Series M Bonds, or portion thereof, to which such Prepayment is to be allocated and applied as provided in the CRA/LA-Bunker Hill Indenture, and (D) specifying the principal amount, and the amount of each mandatory sinking account installment, as of such redemption date, of each Series M Bond that will remain Outstanding if such Prepayment is allocated and applied to the redemption of Series M Bonds on such redemption date as provided in the CRA/LA-Bunker Hill Indenture, which Written Request of the Agency and Cash Flow Certificate of such Independent Financial Consultant will be delivered to the Agency Trustee at least 35 days prior to such redemption date, or such later date as is acceptable to the Agency Trustee in the sole determination of the Agency Trustee.

No later than three (3) Business Days preceding the date specified in a Written Request of the Agency as the date on which Callable Authority Bonds are to be mandatorily redeemed pursuant to the Trust Agreement, the CRA/LA will deliver to the Agency Trustee an amount equal to the amount of the Prepayment specified in such Written Request of the Agency and, on such redemption date, the Agency Trustee will pay such amount to the Authority Trustee, on behalf of the owners of such Callable Authority Bonds. Upon the payment by the Agency Trustee to the Authority Trustee of such amount representing such Prepayment (i) the Series M Bonds, or portion thereof, debt service on which would have, after such redemption date, been applied to the payment of debt service on such Callable Authority Bonds will, as of such redemption date, be deemed to have been optionally redeemed pursuant to the CRA/LA-Bunker Hill Indenture, and for all purposes of the CRA/LA-Bunker Hill Indenture will be considered to have been optionally redeemed, in an amount equal to the principal amount of such Series M Bonds, or portion thereof, as of such redemption date, and (ii) the remainder of (A) such Prepayment, less (B) accrued interest, if any, thereon and such principal amount of such Series M Bonds, or portion thereof, as of such redemption date, will be deemed to be, and for all purposes of the CRA/LA-Bunker Hill Indenture will be considered to be, the redemption premium paid in connection with such optional redemption of such Series M Bonds, or portion thereof.

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

Mandatory Redemption of Series M Bonds from Sinking Fund Installments. The Series M Bonds maturing on December 1, 2028 are subject to mandatory redemption in part by lot on June 1, 2028 and December 1, 2028, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Series M Term Bonds Maturing December 1, 2028

<u>Sinking Fund Redemption Date</u>	<u>Principal Amount To be Redeemed</u>
June 1, 2028	\$ 7,250,000
December 1, 2028	9,240,000

In the event that a Series M Bond subject to mandatory redemption is redeemed in part prior to its stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Series M Bond shall be reduced as directed in a Written Request of the Agency, consistent with the related Cash Flow Certificate.

No Optional Redemption of Series N Bonds. The Series N Bonds will not be subject to optional redemption prior to their respective stated maturity dates.

Selection of Bonds for Redemption and Payment of Redeemed Bonds

Whenever less than all the Outstanding CRA/LA-Bunker Hill Refunding Bonds of any Series maturing on any one date are called for redemption at any one time, the Agency Trustee shall select the CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunding Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the CRA/LA, then interest on such CRA/LA-Bunker Hill Refunding Bond or such portion shall cease to accrue from such date, and from and after such date such CRA/LA-Bunker Hill Refunding Bond or such portion shall no longer be entitled to any lien, benefit or security under the CRA/LA-Bunker Hill Indenture, and the Owner thereof shall have no rights in respect of such CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Indenture, amounts on deposit in the Term CRA/LA-Bunker Hill Refunding Bonds Sinking Account may also be used and withdrawn by the Agency Trustee at any time prior to selection of CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunding Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the CRA/LA may in its discretion determine, but not in excess of par plus accrued interest. Any accrued interest payable upon the purchase of CRA/LA-Bunker Hill Refunding 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 Term CRA/LA-Bunker Hill Refunding Bonds so purchased shall be cancelled by the Agency Trustee forthwith and shall not be reissued. The principal of any Term CRA/LA-Bunker Hill 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 shall be credited towards and shall reduce the principal of such Term CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunding Bonds for each Bond Year:

Year Ended (December 1)	Series M CRA/LA-Bunker Hill Refunding Bonds		Series N CRA/LA-Bunker Hill Refunding Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2015	\$ 1,450,000	\$ 8,026,623.82	\$ 7,415,000	\$ 242,845.76	\$ 17,134,469.58
2016	2,120,000	7,352,000.00	7,475,000	188,000.00	17,135,000.00
2017	2,190,000	7,282,425.00	7,550,000	113,250.00	17,135,675.00
2018	10,005,000	7,127,500.00	-	-	17,132,500.00
2019	10,515,000	6,620,875.00	-	-	17,135,875.00
2020	11,045,000	6,088,625.00	-	-	17,133,625.00
2021	11,610,000	5,529,375.00	-	-	17,139,375.00
2022	12,190,000	4,941,750.00	-	-	17,131,750.00
2023	12,810,000	4,324,625.00	-	-	17,134,625.00
2024	13,465,000	3,676,000.00	-	-	17,141,000.00
2025	14,150,000	2,987,362.50	-	-	17,137,362.50
2026	14,900,000	2,234,775.00	-	-	17,134,775.00
2027	15,700,000	1,438,000.00	-	-	17,138,000.00
2028	16,490,000	643,250.00	-	-	17,133,250.00

SECURITY FOR THE REFUNDING BONDS

General

Subject only to the provisions of the CRA/LA-Bunker Hill Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the CRA/LA-Bunker Hill Indenture, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established under the CRA/LA-Bunker Hill Indenture (other than the Rebate Fund) will be pledged to the payment of the principal of and interest on the outstanding CRA/LA-Bunker Hill Refunding Bonds and Additional Bonds (as defined below) (together, the “Bonds”) and any Parity Debt as provided under the CRA/LA-Bunker Hill Indenture. The CRA/LA 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 CRA/LA, 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 CRA/LA-Bunker Hill Indenture (other than the Rebate Fund), including the “CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, Bunker Hill Project Tax Increment Fund” (hereinafter called the “Tax Increment Fund”), which will be created by the CRA/LA. CRA/LA will covenant and agree to maintain the Tax Increment Fund with the Agency Trustee so long as any Bonds will be Outstanding under the CRA/LA-Bunker Hill 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 CRA/LA has agreed under the CRA/LA-Bunker Hill 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 Outstanding Bonds and any Parity Debt and any deficiency in the Reserve Account pursuant to each valid ROPS (as further described in this Appendix A) in accordance with the Dissolution Act and as provided in the CRA/LA-Bunker Hill Indenture, and (3) makes the transfers to the Agency Trustee under the CRA/LA-Bunker Hill Indenture.

The CRA/LA 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 CRA/LA-Bunker Hill Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds and any Parity Debt, any Compliance Costs and any deficiency in the Reserve Account of the Tax Increment Fund to the full amount of the Reserve Account Requirement. The CRA/LA 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 CRA/LA and the Authority and provided to the CRA/LA 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 CRA/LA and the Authority its expected Compliance Costs for the next succeeding calendar year to be included on the CRA/LA'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 Tax Increment Fund will equal 100% of the deposits required pursuant to the CRA/LA-Bunker Hill Indenture and will include any amounts required to pay Annual Debt Service due on the Outstanding Bonds and Parity Debt as set forth in the CRA/LA-Bunker Hill Indenture, plus the amount of any deficiency in the Reserve Account, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to the CRA/LA-Bunker Hill 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 Tax Increment Fund will equal the deposits required pursuant to the CRA/LA-Bunker Hill Indenture and will include any amounts required to pay principal and interest payments due on the Outstanding Bonds and Parity Debt, plus the amount of any deficiency in the Reserve Account, less the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to this the CRA/LA-Bunker Hill 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.

Tax Revenues received by the CRA/LA (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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Indenture on each such date, be released from the pledge, security interest and lien under the CRA/LA-Bunker Hill Indenture for the security of the Outstanding Bonds, and may be applied by the CRA/LA for any lawful purpose of the CRA/LA, 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 CRA/LA-Bunker Hill Indenture and under any Supplemental Indentures, the CRA/LA 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 CRA/LA-Bunker Hill Indenture and in any Supplemental Indenture.

CRA/LA covenants and agrees that all Tax Revenues, when and as received in accordance with the CRA/LA-Bunker Hill Indenture, will be received by CRA/LA in trust under the CRA/LA-Bunker Hill Indenture and will be deemed to be held by CRA/LA as agent for the Agency Trustee and will, not later than five (5) Business Days following such receipt, be deposited by CRA/LA 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 CRA/LA will have no beneficial right or interest in any of such money, except only as in the CRA/LA-Bunker Hill Indenture; provided that CRA/LA 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 CRA/LA-Bunker Hill Indenture. All such Tax Revenues, whether received by CRA/LA 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 CRA/LA-Bunker Hill Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of CRA/LA.

In order to assure that funds required to be deposited with the Agency Trustee pursuant to the CRA/LA-Bunker Hill Indenture are so deposited in a timely fashion, and to further secure the Bonds, the CRA/LA will irrevocably authorize and direct the County Treasurer and Tax Collector and the County Auditor-Controller to transfer any CRA/LA funds then held in, or later received by the County Treasurer and Tax Collector and the County Auditor-Controller for deposit in, the RPTTF and attributable to the Bunker Hill Project Area, to the Agency Trustee for deposit into the Tax Increment Fund in the amounts provided for in the CRA/LA-Bunker Hill 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 Los Angeles CRA entered into several agreements for this purpose (the “Pass-Through Agreements”); however, none relate to the Bunker Hill Project. 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”). The Dissolution Act provides for a procedure by which the CRA/LA may make Statutory Pass-Through Amounts subordinate to the CRA/LA-Bunker Hill Refunding Bonds and the CRA/LA has completed the procedure described in Health and Safety Code Section 34177.5(c)(1) to subordinate the Statutory Pass-Through Amounts and thus, such Statutory Pass-Through Amounts are subordinate to the payment of debt service on the CRA/LA-Bunker Hill 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 — No Pass-Through Agreements” and “— Statutory Pass-Through Amounts” in this Appendix A for additional information.

Reserve Account

There will be established pursuant to the CRA/LA-Bunker Hill Indenture a separate reserve account known as the “Reserve Account” to be held in trust by the Agency Trustee with respect to the CRA/LA-Bunker Hill Refunding Bonds. The CRA/LA 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunding Bonds, the CRA/LA 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 CRA/LA 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 CRA/LA-Bunker Hill Indenture, the CRA/LA 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 CRA/LA 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

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 CRA/LA will covenant to cause to be maintained with the Agency Trustee so long as the Bonds will be Outstanding under the CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the CRA/LA is not in default under the CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 Series M Bonds or Series N Bonds when due.

The Agency Trustee will ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the CRA/LA-Bunker Hill Indenture and to provide notice to Assured Guaranty Municipal Corp. in accordance with the terms of the applicable Reserve Policy at least five Business Days prior to each date upon which interest or principal, respectively, is due on the Series M Bonds or Series N Bonds, as applicable. Where deposits are required to be made by the CRA/LA with the Agency Trustee to the debt service fund for the Series M Bonds or Series N Bonds, as applicable, more often than semi-annually, the Agency Trustee will be instructed to give notice to Assured Guaranty Municipal Corp. of any failure of the CRA/LA 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Indenture and the Law.

Parity Debt Limited to Refunding Bonds

The CRA/LA may, at any time after the issuance and delivery of the CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Indenture. The CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunding Bonds may only be issued for purposes of refunding Outstanding Bonds issued in accordance with the Law. The CRA/LA-Bunker Hill Indenture permits the refunding of the Series 2007A Bonds on a basis senior to or on a parity with the CRA/LA-Bunker Hill Refunding Bonds to the extent such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act. Additionally, CRA/LA may issue bonds or other obligations secured by a pledge and lien on that portion of the Tax Revenues consisting of moneys deposited into the RPTTF from other project areas at any time so long as the requirements of Section 34177.5 of the Dissolution Act are satisfied and so long as the Tax Revenues from such other project areas are available for and pledged to the payment of such bonds.

Nothing contained in the CRA/LA-Bunker Hill Indenture will limit the issuance of any tax allocation bonds of the CRA/LA 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 CRA/LA-Bunker Hill Refunding Bonds theretofore issued hereunder will be Outstanding, nor will anything contained in the CRA/LA-Bunker Hill Indenture prohibit the issuance of any tax allocation bonds or other indebtedness by the CRA/LA secured by a pledge of tax increment revenues (including Tax Revenues) subordinate to the pledge of Tax Revenues securing the CRA/LA-Bunker Hill 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 CRA/LA, will be invested by the Agency Trustee in Permitted Investments. Moneys in the Interest Account representing accrued interest paid to the CRA/LA 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Indenture will be valued at least annually on the first day of December.

Covenants of the CRA/LA With Respect To Tax Revenues

In accordance with the CRA/LA-Bunker Hill Indenture, the CRA/LA 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.

The CRA/LA covenants in the CRA/LA-Bunker Hill 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 CRA/LA under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service.

The CRA/LA has further covenanted under the CRA/LA-Bunker Hill Indenture to comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the CRA/LA covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the CRA/LA with its covenants under the CRA/LA-Bunker Hill Indenture. Further, the CRA/LA will take all actions required under the Dissolution Act to include on the ROPS for each six-month period all payments expected to be made to the Agency Trustee in order to satisfy the requirements of the CRA/LA-Bunker Hill Indenture, including any amounts required to pay principal and interest payments due on the Outstanding Bonds and any Parity Debt, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement, any Compliance Costs, and any required debt service, reserve set-asides, and any other payments required under the CRA/LA-Bunker Hill 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 attributable to the Bunker Hill Project Area to the Agency Trustee for deposit in the Tax Increment Fund on each January 2 and June 1 amounts required for the CRA/LA 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 CRA/LA 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 CRA/LA-Bunker Hill Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the CRA/LA-Bunker Hill Indenture for the next payment due in the following six-month period.

For additional covenants of the CRA/LA with respect to the CRA/LA-Bunker Hill 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 CRA/LA 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 CRA/LA and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and the CRA/LA 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 CRA/LA-Bunker Hill 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 CRA/LA pledged therefor as provided in the CRA/LA-Bunker Hill 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 CRA/LA 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 Bunker Hill Project. The assessed values of property within the Bunker Hill Project Area, as last equalized prior to adoption of the Redevelopment Plan, become the “base year” assessed values.

As discussed above, the CRA/LA 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA may pay a portion of the 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.

No Pass-Through Agreements

CRA/LA has not entered into any agreements which require payment to affected taxing agencies of any Tax Revenues from the Bunker Hill Project Area.

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 CRA/LA’s RPTTF for each ROPS period.

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 Plan to extend required time limits after 1994 and, accordingly, the CRA/LA is required to pay to the affected taxing entities the Statutory Pass-Through Amounts. These tax sharing payments continue so long as tax increment is available to repay indebtedness in the Bunker Hill Project. The Statutory Pass-Through Amounts are determined by specific formulas under the Law; and post-dissolution, these payment obligations of the CRA/LA 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 CRA/LA is required to pay to the affecting taxing entities percentages of tax increment generated in the Bunker Hill Project Area as the Statutory Pass-Through Amounts, as follows:

1. commencing in fiscal year 2004-05 and thereafter, 25% of post set-aside revenues; plus,
2. commencing in fiscal year 2014-15 and thereafter, 21% of revenues in excess of fiscal year 2014-15 revenue; plus,
3. commencing in fiscal year 2024-25 and thereafter, 14% of revenues in excess of fiscal year 2024-25 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 housing set-aside amount. For more information about the Statutory Pass-Through Amounts, see the Fiscal Consultant’s Report attached to this Official Statement as Appendix B.

The CRA/LA has completed the procedure described in Health and Safety Code Section 34177.5(c)(1) to subordinate the Statutory Pass-Through Amounts and thus, such Statutory Pass-Through Amounts are subordinate to the payment of debt service on the CRA/LA-Bunker Hill Refunding Bonds.

Low and Moderate Income Housing Fund; Affordable Housing Provisions

The Redevelopment Plan provided that a portion of all taxes that are allocated to the CRA/LA 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 Los Angeles CRA 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. On January 25, 2012, the City, acting by and through its Housing Department (“LAHD”), elected to retain the housing assets and functions previously performed by the Former Los Angeles CRA. Pursuant to California Health and Safety Code Section 34176(a)(2), the Housing Asset Transfer Schedule (“HATS”) prepared by CRA/LA staff was submitted by LAHD to DOF on August 1, 2012. DOF issued its final determination letter on March 27, 2013, granting approval for transfer of most of the housing assets listed on the HATS. Effective May 1, 2013, the CRA/LA’s housing assets including loans receivable, land held for redevelopment, land inventory (historical value totaling \$726,684,000) and housing functions were transferred and assumed by LAHD, the Housing Successor.

Pursuant to the Dissolution Act, former tax increment revenues generated in the Bunker Hill Project Area 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 Bunker Hill Project Area previously required to be deposited in the Housing Fund are now available and pledged to the repayment of the CRA/LA-Bunker Hill Refunding Bonds and any Parity Obligations.

THE REDEVELOPMENT PLAN

General

The original Redevelopment Plan for the Bunker Hill Project was adopted by the Los Angeles City Council on March 31, 1959 by Ordinance 113,231. The Bunker Hill Project Area encompasses approximately 133 acres in the downtown area of the City, and is bounded by First Street on the north, Hill Street on the east, Fourth and Fifth Streets on the south and the Harbor 110 Freeway on the west. The Project Area is CRA/LA's first and oldest redevelopment project area.

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.

Project Area Plan Limitations

The City adopted the following amendments to the Redevelopment Plan:

On January 12, 1968, by Ordinance No. 135,900, the Amended Redevelopment Plan for the Bunker Hill Project (the "Redevelopment Plan") was adopted by the Los Angeles City Council.

On June 25, 1970, by Ordinance No. 140,662, to include provision for adequate park and recreational areas and facilities for neighborhood improvement, with special consideration for the health, safety and welfare of children residing in the general vicinity of the area.

On December 17, 1986, by Ordinance No. 161,868, to establish certain limitations for the Project Area, including a cap on the amount of tax increment to be received and time limits on incurring indebtedness and commencement of eminent domain proceedings, pursuant to Health and Safety Code Section 33333.4.

On December 20, 1994, by Ordinance No. 170,196, to establish new time limits on incurring indebtedness, effectiveness of the Plan, and receipt of tax increment, pursuant to the Community Redevelopment Law Reform Act of 1993 (AB 1290).

On November 21, 2003, by Ordinance No. 175,659, to eliminate the time limit on incurring indebtedness pursuant to SB 211, and to extend time limits on effectiveness of the Plan and receipt of tax increment as allowed for those project areas required to make Educational Revenue Augmentation Fund (ERAF) payments in fiscal year 2003-04 pursuant to SB 1045.

On December 19, 2006, by Ordinance No. 178,167, to extend time limits on effectiveness of the Plan and receipt of tax increment as allowed for those project areas required to make ERAF payments in FY 2004-05 and FY 2005-06 pursuant to SB 1096.

On April 15, 2011, by Ordinance No. 181,683, to extend time limits on effectiveness of the Plan by one year to January 1, 2013 as allowed for those project areas required to make Supplemental Educational Revenue Augmentation Fund payments in fiscal year 2009-10, pursuant to AB x4-26.

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

Plan Expiration	Last Date to Incur New Debt	Last Date to Repay Debt with Tax Increment	Tax Increment Limit	Limit on Total Bond Debt
January 1, 2013	Eliminated	January 1, 2022*	\$2,500,000,000	None

* As explained below, pursuant to Health and Safety Code Section 33333.6(g) the time limit on the receipt of Tax Revenues set forth in the Redevelopment Plan is inapplicable to the Series H Bonds (and bonds issued to refund the Series H Bonds, including the Series M CRA/LA-Bunker Hill Refunding Bonds) as well as the Series 2007A Bonds, which refunded the Series 1993A Bonds (defined below).

The Series H Bonds and the Grand Central Square Multifamily Housing Bonds, 1993 Series A Bonds issued by the CRA/LA (“Series 1993A Bonds”), which were refunded by the Series 2007A Bonds, were issued prior to the effective date of the Community Redevelopment Law Reform Act of 1993 (AB 1290), which required redevelopment plans to be amended to include time limits for effectiveness of redevelopment plans, the incurrence of debt and repayment of debt and receipt of tax increment revenues. Health and Safety Code Section 33333.6, added by AB 1290 and applicable to the Bunker Hill Project, expressly provides in subdivision (g) thereof that it does not affect the validity of bonds or obligations authorized by cities and redevelopment agencies prior to January 1, 1994. Section 33333.6(g)(3) further provides that Section 33333.6 does not affect the right of an agency to receive property taxes to pay refunding bonds issued to refinance, refund or restructure indebtedness authorized prior to January 1, 1994, if the last maturity date of the refunding bonds is not later than the last maturity date of the refunded indebtedness and the sum of the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds is less than the sum of the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunded indebtedness.

Based on records of the Los Angeles County Auditor-Controller, the cumulative gross total tax revenues attributable to the Bunker Hill Project Area and available to the CRA/LA amounts to approximately \$926,448,000 through fiscal year 2013-14 (this amount is inclusive of gross property taxes allocated to the RPTTF).

The final maturity date of the Series H Bonds and the Series 2004A Bonds is December 1, 2028 and paid from tax increment revenues generated from fiscal year 2027-28 values. Based on the projected tax increment revenue forecast model for the Bunker Hill Project Area, the \$2,500,000,000 Tax Increment Limit would be reached by fiscal year 2027-28 if the Bunker Hill Project Area’s assessed valuation growth is 16.5% per year between fiscal year 2014-15 to fiscal year 2027-28.

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 in that portion of Fiscal Consultant’s Report with respect to the CRA/LA appearing in Appendix B, it is assumed that all redevelopment plan limits will be enforced, except that the limit on the time to receive tax increment is assumed to be inapplicable to the portion of the Series M CRA/LA-Bunker Hill Refunding Bonds being applied to refund the Series H Bonds and the Series 2004A Bonds (as well as the Series 2007A Bonds) based on Health & Safety Code Section 33333.6(g), as described above.

THE PROJECT AREA

General

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 Bunker Hill Project Area. The reported current year Bunker Hill Project Area 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 Bunker Hill Project Area value for fiscal year 2014-15 is as follows.

	<u>Fiscal Year 2014-15</u>	<u>% of Total</u>
Secured Value	\$ 3,352,328,262	91.3%
Unsecured Value	<u>319,530,835</u>	<u>8.7</u>
Total Current Year Value	\$ 3,671,859,097	100.0
Base Year Value	<u>22,595,206</u>	<u>0.6</u>
Incremental Value	\$ 3,649,263,891	99.4%

Source: County of Los Angeles and Keyser Marston Associates, Inc.

The following table illustrates the land use of property in the Bunker Hill Project Area.

TABLE A-2
CRA/LA - BUNKER HILL PROJECT
LAND USE STATISTICS
(Fiscal Year 2014-15)

<u>Land Use</u>	<u>Parcels</u>	<u>2014-15 Net Taxable Value</u>	<u>Percent of Total</u>
Residential	759	\$ 412,091,720	11.22%
Commercial	40	2,897,829,257	78.92
Industrial	-	0	0.00
Governmental/Exempt	21	0	0.00
Institutional	2	3,021,266	0.08
Miscellaneous	1	8,275,686	0.23
Recreational	1	1,210,159	0.03
Vacant	<u>11</u>	<u>27,063,859</u>	<u>0.74</u>
Subtotal	835	3,349,491,947	91.22
SBE Non-Unitary	-	0	0.00
Other	2	2,836,315	0.08
Unsecured	<u>630</u>	<u>319,530,835</u>	<u>8.70</u>
Subtotal	632	322,367,150	8.78
TOTAL	1,467	\$ 3,671,859,097	100.00%

Source: Keyser Marston Associates, Inc.

Ten Largest Taxpayers

The ten largest taxpayers in the Bunker Hill Project Area represent approximately 73.56% of the total Bunker Hill Project Area value for fiscal year 2014-15 and are comprised primarily of commercial land uses. When compared against the incremental assessed value of the Bunker Hill Project Area, these ten taxpayers represent approximately 74.02% of the total incremental assessed value.

TABLE A-3
CRA/LA - BUNKER HILL PROJECT
MAJOR PROPERTY TAXPAYERS
(Fiscal Year 2014-15)

	Property Owner	Primary Land Use	FY 2014-15 Assessed Valuation	Percent of Total	Percent of Incremental
1	Trizec 333 LA LLC ⁽¹⁾⁽²⁾	Commercial-Office (BoFA Plaza Bldg.)	\$ 468,870,272	12.77 %	12.85 %
2	350 S Grand Ave Holdings ⁽¹⁾	Commercial-Office (Two California Plaza)	440,993,060	12.01	12.08
3	Maguire Partners 355 S Grand LLC ⁽²⁾	Commercial-Office (Wells Fargo Center South Bldg.)	343,191,581	9.35	9.40
4	Maguire Properties One Cal Plaza LLC ⁽¹⁾	Commercial-Office (One California Plaza)	325,426,680	8.86	8.92
5	Maguire Properties 355 S Grand LLC ⁽²⁾	Commercial-Office (Wells Fargo Center North Bldg.; Garage)	264,889,667	7.21	7.26
6	Hines VAF II 444 South Flower LP ⁽¹⁾	Commercial-Office (Citigroup Center)	242,736,700	6.61	6.65
7	SPUS6 400 South Hope LP	Commercial-Office (400 Hope Bldg.)	236,042,439	6.43	6.47
8	KBSII 445 South Figueroa LLC ⁽¹⁾	Commercial-Office (Union Bank Bldg.)	217,418,183	5.92	5.96
9	Promenade Towers Ltd. ⁽¹⁾	Residential- Multi-family	93,365,518	2.54	2.56
10	RMMK II LLC	Commercial-Hotel (Omni Hotel)	<u>68,280,608</u>	<u>1.86</u>	<u>1.87</u>
			\$ 2,701,214,708	73.56%	74.02%
		Total Project Area Value:	\$ 3,671,859,097		
		Project Area Incremental Value:	\$ 3,649,263,891		

⁽¹⁾ Currently has assessment appeals on file. See “— Assessment Appeals” below.

⁽²⁾ Subsidiaries of Brookfield DTLA Holdings.

Source: County of Los Angeles and Keyser Marston Associates, Inc.

The following is a description of the five largest property owners in the Bunker Hill Project. As described below, properties owned by subsidiaries of Brookfield DTLA Holdings had a total Fiscal Year 2014-15 assessed value of \$1,076,951,520 which represents approximately 29.3% of the assessed value of the Bunker Hill Project. All of the property holdings listed below have been sold or restructured since 2012. The reassessment of properties is complicated as the transfers by such property owners are subject to stock sales, exchanges or restructuring. Additionally, with respect to such transfers, the County Assessor must await notice from the California State Board of Equalization that a reassessable event has occurred before the County Assessor can initiate the reassessment process.

Trizec 333 LA LLC. Trizec 333 LA LLC owns the Bank of America Plaza building, an approximately 1.4 million square foot Class A office building located at 333 South Hope. The property has a Fiscal Year 2014-15 assessed value of \$468,870,272. Based on publicly available information, the Fiscal Consultant believes that the Trizec 333 LA LLC was acquired by Brookfield Office Properties in 2006 and has subsequently been sold or conveyed to Brookfield DTLA Holdings, a fund established by Brookfield Office Properties or its subsidiaries, in 2013. The County Assessor has reported to the Fiscal Consultant that following its review of the transaction by the State Board of Equalization, the property will be reassessable as of October 2013. The CRA/LA can make no assurance as to the impact of the change of ownership on the assessed value of the property, but does not believe that it will have a material effect on its ability to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds from Tax Revenues when due.

350 S Grand Ave Holdings. 350 S Grand Ave Holdings owns the Two California Plaza building, an approximately 1.3 million square foot Class A office building, located at 350 South Grand Avenue. The property has a Fiscal Year 2014-15 assessed Value of \$440,993,060. Based on publicly available information, the Fiscal Consultant believes that 350 S Grand Ave Holdings was acquired by CIM Group in February of 2014. The property has not yet been reassessed based on the foregoing transaction but the County Assessor has confirmed that such reassessment will occur. The CRA/LA can make no assurance as to the impact of the change of ownership on the assessed value of the property, but does not believe that it will have a material effect on its ability to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds from Tax Revenues when due.

Maguire Partners 355 S Grand LLC. Maguire Partners 355 S Grand LLC owns the Wells Fargo Center South building, an approximately 1.4 million square foot Class A office building, located at 333 South Grand Avenue. The property has Fiscal Year 2014-15 assessed value of \$343,191,581. Based on publicly available information, the Fiscal Consultant believes that the Maguire Partners 355 S Grand LLC was acquired by Brookfield DTLA Holdings, a fund established by Brookfield Office Properties or its subsidiaries, in 2013. The County Assessor has reported to the Fiscal Consultant that following the review of the transaction by the State Board of Equalization, the property will be reassessable as of October 2013. The CRA/LA can make no assurance as to the impact of the change of ownership on the assessed value of the property, but does not believe that it will have a material effect on its ability to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds from Tax Revenues when due.

Maguire Properties One Cal Plaza LLC. Maguire Properties One Cal Plaza LLC, owns the One California Plaza building, an approximately 1.0 million square foot Class A office building, located at 300 South Grand. The property consists of four parcels with a total Fiscal Year 2014-15 assessed value of \$325,426,680. Based on publicly available information, the Fiscal Consultant believes that Maguire Properties One Cal Plaza LLC was acquired by Beacon Capital Partners in 2012, who subsequently sold a minority interest to Madison International Realty in 2013. The County Assessor has not reported to the Fiscal Consultant any plans to reassess the property based on the foregoing transactions. The CRA/LA can make no assurance as to the impact of the change of ownership on the assessed value of the property, but does not believe that it will have a material effect on its ability to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds from Tax Revenues when due.

Maguire Properties 355 S Grand LLC. Maguire Properties 355 S Grand LLC owns the Wells Fargo Center North building, an approximately 1.14 million square foot Class A office building, located at 333 South Grand Avenue and a parking structure at 235 South Hill Street. The properties have a total Fiscal Year 2014-15 assessed value of \$264,889,667. Based on publicly available information, the Fiscal Consultant believes that the Maguire Properties 355 S Grand LLC was acquired by Brookfield DTLA Holdings, a fund established by Brookfield Office Properties or its subsidiaries, in 2013. The County Assessor has reported to the Fiscal Consultant that following the review of the transaction by the State Board of Equalization, the property will be reassessable as of October 2013. The CRA/LA can make no assurance as to the impact of the change of ownership on the assessed value of the property, but does not believe that it will have a material effect on its ability to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds from Tax Revenues when due.

Assessed Valuation

The following table sets forth the taxable assessed valuations for the Bunker Hill Project Area and the incremental taxable values for the last ten fiscal years. According to the County, the total assessed valuation of the Bunker Hill Project Area for fiscal year 2014-15 is \$3,671,859,097.

TABLE A-4
CRA/LA - BUNKER HILL PROJECT
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	\$2,681,767,928	\$20,353,759	\$2,661,414,169
2007	3,059,857,847	20,353,759	3,039,504,088
2008	3,024,367,460	22,605,101	3,001,762,359
2009	3,391,749,208	22,605,101	3,369,144,107
2010	3,486,203,426	22,595,206	3,463,608,220
2011	3,235,217,942	22,595,206	3,212,622,736
2012	3,300,606,361	22,595,206	3,278,011,155
2013	3,327,018,223	22,595,206	3,304,423,017
2014	3,596,091,203	22,595,206	3,573,495,997
2015	3,671,859,097	22,595,206	3,649,263,891

Source: County of Los Angeles and Keyser Marston Associates, Inc.

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 Bunker Hill Project Area. 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 Bunker Hill Project Area averaged 99.51%. 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-5
CRA/LA - BUNKER HILL PROJECT
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	\$36,454,369	\$36,287,562	99.54%
2011	33,896,102	33,549,116	98.98
2012	34,596,357	34,403,244	99.44
2013	34,743,367	34,651,376	99.74
2014	37,484,798	37,424,672	99.84

⁽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 CRA/LA 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; Keyser Marston Associates, Inc.

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 Bunker Hill Project Area have filed assessment appeals that are currently pending. Additional appeals to assessed values in the Bunker Hill Project Area may be filed from time to time in the future. The CRA/LA 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 Bunker Hill Project Area 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 2013-14, summarizes the potential losses that are incorporated into the Fiscal Consultant's projections:

TABLE A-6
CRA/LA - BUNKER HILL PROJECT
ASSESSED VALUATION APPEALS
(Fiscal Year 2009-10 to 2013-14)

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. of Appeals Pending	Est. No. of Pending Appeals Allowed
198	112	20	6.78%	86	15

Fiscal Year Ending	Combined Value Under Pending Appeals⁽¹⁾	Fiscal Consultant Estimated Reduction on Pending Appeals Allowed (2014-15 AV)
2014	\$1,663,205,000	\$20,138,000
2013	1,092,916,000	13,233,000
2012	474,279,000	5,743,000
Prior to 2012	<u>48,803,000</u>	<u>590,000</u>
Total	\$3,279,203,000	\$39,704,000

Projected Tax Refund: \$397,040

Fiscal Consultant Assumed Resolved Value: 3,239,499,000

⁽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 Keyser Marston Associates, Inc.

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 Bunker Hill Project Area. 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 Bunker Hill Project 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-7
CRA/LA - BUNKER HILL PROJECT
PROJECTION OF BUNKER HILL PROJECT AREA TAX REVENUES
ASSUMES VALUE GROWTH
(000s Omitted)

Fiscal Year Ending June 30	Total Taxable Value⁽¹⁾	Taxable Value Over Base	Gross Tax Increment Revenue⁽²⁾	Unitary Tax Revenue	Appeal Tax Refund	Gross Revenues	County Admin. Charges⁽³⁾	Tax Revenues⁽⁴⁾
2015	\$3,671,859	\$3,649,264	\$36,493	\$1,750	\$(397)	\$37,845	\$(633)	\$37,212
2016	3,665,252	3,642,657	36,427	1,750	-	38,176	(632)	37,544
2017	3,732,107	3,709,512	37,095	1,750	-	38,845	(643)	38,202
2018	3,800,299	3,777,704	37,777	1,750	-	39,527	(654)	38,873
2019	3,869,856	3,847,260	38,473	1,750	-	40,222	(666)	39,556
2020	3,940,803	3,918,208	39,182	1,750	-	40,932	(677)	40,255
2021	4,013,169	3,990,574	39,906	1,750	-	41,656	(689)	40,967
2022	4,086,983	4,064,388	40,644	1,750	-	42,394	(702)	41,692
2023	4,162,273	4,139,678	41,397	1,750	-	43,147	(714)	42,433
2024	4,239,068	4,216,473	42,165	1,750	-	43,915	(727)	43,188
2025	4,317,400	4,294,805	42,948	1,750	-	44,698	(740)	43,958
2026	4,397,298	4,374,703	43,747	1,750	-	45,497	(753)	44,744
2027	4,478,794	4,456,199	44,562	1,750	-	46,312	(766)	45,546
2028	4,561,921	4,539,325	45,393	1,750	-	47,143	(780)	46,363

- (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 1% for fiscal year 2015-16 and at 2% annually thereafter. Values for fiscal year 2015-16 and thereafter are decreased by \$39,704,000 from the value provided on Table A-4 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 are estimated at 1.65% of Gross Revenues and include charges under AB x1 26 and SB 2557.
- (4) Tax Revenues reflect RPTTF generated from the Bunker Hill Project that are available to CRA/LA for payment of debt service and enforceable obligations. Series 2007A Bonds debt service are not deducted from Tax Revenues amounts shown in this table, nor are projected residual RPTTF revenues from other CRA/LA project areas included in Tax Revenues projections in this table. See “CRA/LA, A DESIGNATED LOCAL AUTHORITY — Other Project Areas” and the Fiscal Consultant’s Report attached as Appendix B to this Official Statement for a description of historical residual RPTTF revenues.

Source: Keyser Marston Associates, Inc.

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

TABLE A-8
CRA/LA - BUNKER HILL PROJECT
PROJECTION OF BUNKER HILL PROJECT AREA TAX REVENUES
ASSUMES NO VALUE GROWTH
(000s Omitted)

Fiscal Year Ending June 30	Total Taxable Value⁽¹⁾	Taxable Value Over Base	Gross Tax Increment Revenue⁽²⁾	Unitary Tax Revenue	Appeal Tax Refund	Gross Revenues	County Admin. Charges⁽³⁾	Tax Revenues⁽⁴⁾
2015	\$3,671,859	\$3,649,264	\$36,493	\$1,750	\$(397)	\$37,845	\$(633)	\$37,212
2016	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2017	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2018	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2019	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2020	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2021	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2022	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2023	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2024	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2025	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2026	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2027	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219
2028	3,632,155	3,609,560	36,096	1,750	-	37,845	(626)	37,219

- (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 and thereafter are decreased by \$39,704,000 from the value provided on Table A-4 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 are estimated at 1.65% of Gross Revenues and include County charges under AB x1 26 and SB 2557.
- (4) Tax Revenues reflect RPTTF generated from the Bunker Hill Project available to CRA/LA for payment of debt service and enforceable obligations. Series 2007A Bonds debt service are not deducted from Tax Revenues amounts shown in this table, nor are projected residual RPTTF revenues from other CRA/LA project areas included in Tax Revenues projections in this table. See “CRA/LA, A DESIGNATED LOCAL AUTHORITY — Other Project Areas” and the Fiscal Consultant’s Report attached as Appendix B to this Official Statement for a description of historical residual RPTTF revenues.

Source: Keyser Marston Associates, Inc.

Estimated Debt Service Coverage

The following table sets forth the debt service and coverage ratio for the CRA/LA-Bunker Hill Refunding Bonds and the Series 2007A Bonds. There can be no assurance that such projected Tax Revenues will be realized. Such projections assume the issuance of the CRA/LA-Bunker Hill Refunding Bonds and the refunding and defeasance of the CRA/LA-Bunker Hill Refunded Bonds. 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-9
CRA/LA - BUNKER HILL PROJECT
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES VALUE GROWTH
(000s Omitted)

Fiscal Year Ending June 30	Projected Tax Revenues⁽¹⁾	Series 2007A Bonds Debt Service	Series M Bonds Debt Service	Series N Bonds Debt Service	Aggregate Debt Service⁽²⁾	Aggregate Debt Service Coverage On Senior Bonds and Parity Bonds
2015	\$37,212	\$976	\$9,477	\$7,658	\$18,110	205%
2016	37,544	971	9,472	7,663	18,106	207
2017	38,202	976	9,472	7,663	18,112	211
2018	38,873	974	17,133	-	18,106	215
2019	39,556	970	17,136	-	18,106	218
2020	40,255	974	17,134	-	18,108	222
2021	40,967	972	17,139	-	18,111	226
2022	41,692	976	17,132	-	18,107	230
2023	42,433	972	17,135	-	18,107	234
2024	43,188	972	17,141	-	18,113	238
2025	43,958	970	17,137	-	18,108	243
2026	44,744	971	17,135	-	18,106	247
2027	45,546	-	17,138	-	17,138	266
2028	46,363	-	17,133	-	17,133	271

⁽¹⁾ Projected Tax Revenues are RPTTF generated from the Bunker Hill Project that are available to CRA/LA for payment of debt service and enforceable obligations. Excludes residual RPTTF revenues from other project areas, which if included would increase coverage from what is shown in this table. See “CRA/LA, A DESIGNATED LOCAL AUTHORITY — Other Project Areas” and the Fiscal Consultant’s Report attached as Appendix B to this Official Statement. Also see “Table A-7” above.

⁽²⁾ Totals may not add due to rounding.

Source: Keyser Marston Associates, Inc. and Stifel Nicolaus & Company, Incorporated.

The following table sets forth the debt service and coverage ratio for the CRA/LA-Bunker Hill Refunding Bonds, assuming no growth in total assessed valuation of property within the Bunker Hill Project Area.

TABLE A-10
CRA/LA - BUNKER HILL PROJECT
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES NO VALUE GROWTH
(000s Omitted)

Fiscal Year Ending June 30	Projected Tax Revenues⁽¹⁾	Series 2007A Bonds Debt Service	Series M Bonds Debt Service	Series N Bonds Debt Service	Aggregate Debt Service⁽²⁾	Aggregate Debt Service Coverage On Senior Bonds and Parity Bonds
2015	\$37,212	\$976	\$9,477	\$7,658	\$18,110	205%
2016	37,219	971	9,472	7,663	18,106	206
2017	37,219	976	9,472	7,663	18,112	206
2018	37,219	974	17,133	-	18,106	206
2019	37,219	970	17,136	-	18,106	206
2020	37,219	974	17,134	-	18,108	206
2021	37,219	972	17,139	-	18,111	206
2022	37,219	976	17,132	-	18,107	206
2023	37,219	972	17,135	-	18,107	206
2024	37,219	972	17,141	-	18,113	205
2025	37,219	970	17,137	-	18,108	206
2026	37,219	971	17,135	-	18,106	206
2027	37,219	-	17,138	-	17,138	217
2028	37,219	-	17,133	-	17,133	217

⁽¹⁾ Projected Tax Revenues are RPTTF generated from the Bunker Hill Project that are available to CRA/LA for payment of debt service and enforceable obligations. Excludes residual RPTTF revenues from other project areas, which if included would increase coverage from what is shown in this table. See “CRA/LA, A DESIGNATED LOCAL AUTHORITY — Other Project Areas” and the Fiscal Consultant’s Report attached as Appendix B to this Official Statement. Also see “Table A-7” above.

⁽²⁾ Totals may not add due to rounding.

Source: Keyser Marston Associates, Inc. and Stifel Nicolaus & Company, Incorporated.

Property Tax and Spending Limitations

Section 1(a) of Article XIII A 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 CRA/LA for fiscal year 2014-15 within the Bunker Hill Project Area is approximately \$1,750,000. The CRA/LA 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 CRA/LA. In addition, the CRA/LA cannot predict the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies, although the CRA/LA 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 Series 2014C Bonds and Series 2014D 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 Series 2014C Bonds and Series 2014D 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 CRA/LA-Bunker Hill Refunding Bonds, are determined by the incremental assessed value of taxable property in the Bunker Hill Project Area, the current rate or rates at which property in the Bunker Hill Project Area is taxed, and the percentage of taxes collected in the Bunker Hill Project Area. Several types of events which are beyond the control of the CRA/LA 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 Bunker Hill Project Area or a reduction of the rate of increase in taxable values of property in the Bunker Hill Project Area caused by economic or other factors beyond the CRA/LA’s control (such as a relocation out of the Bunker Hill Project Area by one or more major tenants, 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 Bunker Hill Project Area and in relation to the concentration of property in such Bunker Hill Project Area in terms of size or land use (see “THE PROJECT AREA — General” in this Appendix A). Any reduction in Tax Revenues from the Bunker Hill Project Area could have an adverse effect on the CRA/LA’s ability to meet its obligations under the CRA/LA-Bunker Hill Indenture and the CRA/LA’s ability to pay the principal of and interest on the CRA/LA-Bunker Hill 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.

See “CRA/LA, A DESIGNATED LOCAL AUTHORITY — Other Project Areas” for a discussion of RPTTF moneys attributable to other project areas of the CRA/LA that may be available to pay debt services on the CRA/LA-Bunker Hill Refunding Bonds.

Projected Tax Revenues

The Fiscal Consultant has based its projections on certain assumptions with regard to the Bunker Hill Project Area, growth in assessed values and Tax Revenue growth. These projections assume that assessed values will increase for inflation at 1% for fiscal year 2015-16 and at 2% for fiscal year 2016-17 and annually thereafter. These projections also assume that values for fiscal year 2014-15 and thereafter are decreased by \$39,704,000 for assumed 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 Bunker Hill Project Area, reduction in tax rates or reduction in taxes collected would reduce the Tax Revenues available to pay debt service on the CRA/LA-Bunker Hill Refunding Bonds. See “RISK FACTORS” and “LIMITATIONS ON TAX REVENUES” in the forepart of this Official Statement. See also “THE PROJECT AREA” in this Appendix A for a summary of historical assessed valuation of property in the Bunker Hill Project Area, 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 Bunker Hill Project Area 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 CRA/LA appearing in Appendix B, it is assumed that all redevelopment plan limits will be enforced, except that the limit on the time to receive tax increment is assumed to be inapplicable to the portion of the Series M CRA/LA-Bunker Hill Refunding Bonds being applied to refund the Series H Bonds and the Series 2004A Bonds (as well as the Series 2007A Bonds) based on Health & Safety Code Section 33333.6(g).

Parity and Subordinate Debt

While the CRA/LA has covenanted not to issue any additional obligations with a lien on former tax increment revenues senior to the lien of the CRA/LA-Bunker Hill Refunding Bonds, the CRA/LA-Bunker Hill Indenture permits the issuance by the CRA/LA of certain refunding indebtedness which may have a lien upon the Tax Revenues on parity with the lien of the CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill 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 CRA/LA-Bunker Hill Refunding Bonds.

Concentration of Ownership

The ten largest property taxpayers in the Bunker Hill Project Area, based upon the fiscal year 2014-15 locally assessed tax roll reported by the County Assessor, owned approximately 73.56% of the total Bunker Hill Project Area value and approximately 74.02% of the total incremental assessed value within the Bunker Hill Project Area. Subsidiaries of Brookfield DTLA Holdings are, together, the largest property taxpayers, representing approximately 29.33% of the total assessed valuation of property and 29.51% of the tax incremental value within the Bunker Hill Project Area. See the Fiscal Consultant’s Report attached to this Official Statement as Appendix B for a description of the concentration of ownership across all of CRA/LA’s 31 active 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 Bunker Hill Project Area, a substantial decline in Tax Revenues could result. See “THE PROJECT AREA — Ten Largest Taxpayers” in this Appendix A for more information (including recent transactions) about these ten largest property taxpayers and see “THE PROJECT AREA — 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 Bunker Hill Project Area, or impair the ability of landowners within the Bunker Hill Project Area to develop their properties or to pay property taxes.

Several active fault zones lie within Southern California. The Newport-Inglewood Fault, the San Andreas Fault, and other related faults in the region are potentially active within a five (5) to one (1) mile radius of the City. Seismic activity also can occur on previously undetected faults. In the event of a significant earthquake, substantial damage could occur to the property within the Bunker Hill Project Area.

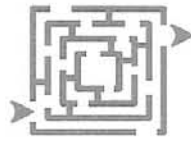
If an earthquake were to substantially damage or destroy taxable property within the Bunker Hill Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the CRA/LA-Bunker Hill Refunding Bonds.

The property within the Bunker Hill Project Area 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. CRA/LA cannot predict what force majeure events may occur in the future.

APPENDIX B

FISCAL CONSULTANT'S REPORT

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KEYSER MARSTON ASSOCIATES

FISCAL CONSULTANT REPORT

**BUNKER HILL
URBAN RENEWAL PROJECT 1B**

**Prepared for the:
COUNTY OF LOS ANGELES
REDEVELOPMENT REFUNDING AUTHORITY
and
CRA/LA - A DESIGNATED LOCAL AUTHORITY**

October 4, 2014

FISCAL CONSULTANT REPORT
BUNKER HILL URBAN RENEWAL PROJECT 1B

Prepared for the
COUNTY OF LOS ANGELES
REDEVELOPMENT REFUNDING AUTHORITY
and
CRA/LA - A DESIGNATED LOCAL AUTHORITY

Prepared by:
Keyser Marston Associates, Inc.
500 South Grand Avenue, Suite 1480
Los Angeles, California 90071

October 4, 2014

1. INTRODUCTION

Keyser Marston Associates, Inc. (KMA) is a Fiscal Consultant to the CRA/LA, A Designated Local Authority of the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and has been retained as a Fiscal Consultant by the County of Los Angeles (County) for the County Redevelopment Refunding Authority's anticipated issuance of Refunding Tax Allocation Bonds associated with the Bunker Hill Urban Renewal Project 1B (Project Area). The County and CRA/LA are proposing to refund selected tax allocation bonds that were secured by property tax increment revenues generated by the Project Area and now allocated to the Redevelopment Property Tax Trust Fund (RPTTF) of the CRA/LA.

In an effort to reduce the amount of State financial aid to school districts, the California State Legislature enacted Chapter 5, Statutes of 2011-12 First Extraordinary Session (AB x1 26, Blumenfeld) that effectively dissolved redevelopment agencies throughout the State. AB x1 26 was legally challenged but upheld by the State Supreme Court at the end of 2011, resulting in the dissolution of all redevelopment agencies on February 1, 2012. The law was amended in June 2012 with the passage of AB 1484 in an effort to clarify some of the ambiguities contained in AB x1 26.

The former Community Redevelopment Agency was dissolved and CRA/LA was established to wind down the former Agency's affairs. The former practice of allocating tax increment revenues was modified by the dissolution legislation to require that the County Auditor-Controller deposit former tax increment revenues into the RPTTF of the CRA/LA. Property taxes in the RPTTF are allocated twice yearly for the payment of (1) certain county administrative costs; (2) contractual and statutory pass-through payments; (3) Enforceable Obligations of the CRA/LA, as identified by dollar amounts on a Recognized Obligation Payment Schedule (ROPS) that is approved by the CRA/LA's Oversight Board and the State Department of Finance (DOF); and (4) administrative costs of the CRA/LA.

The distributions are to be paid twice a year on June 1st and January 2nd. After the distributions noted above, AB x1 26 requires County Auditor-Controllers to distribute any remaining RPTTF revenues as property taxes to local government agencies whose tax bases overlap the respective redevelopment project areas. Cash and other assets of the dissolved Community Redevelopment Agency were also redistributed (unless the asset was contractually committed to a third party prior to June 28, 2011).

Since allocations of former tax increment revenues to the CRA/LA are now based on scheduled payments on approved Enforceable Obligations listed on a valid ROPS for each six-month filing period, it is difficult to forecast the annual amount of net property tax that will be received by the CRA/LA.

The revenue projections contained on Tables 1 and 2 represent the maximum amount of former tax increment revenues that would have been allocated prior to AB x1 26 (but not necessarily the amount that would be allocable from the RPTTF to the CRA/LA since that is restricted by the amount approved to pay Enforceable Obligations). The County and DOF procedures are subject to change as a reflection of policy revisions or administrative, regulatory, legislative and/or judicial mandates in the future.

Prior to the passage of AB x1 26, the California Community Redevelopment Law (CRL) and Article 16, Section 16 of the California Constitution, authorized the former redevelopment agencies to receive that portion of property tax revenue generated from the increase of the current year taxable values over the base year taxable values that existed at the time of adoption of a redevelopment project. This portion of property tax revenue was referred to as tax increment revenue. The CRL provided that the tax increment revenue could be pledged by the former redevelopment agency for the repayment of bonded indebtedness.

This Fiscal Consultant Report has been prepared to reflect the maximum amount of future property tax revenues that could be allocated from the Project Area to CRA/LA based upon reported FY 2014-15 Project Area assessed values of the Los Angeles County Auditor-Controller. The projected taxable values and resulting tax increment revenues for the Project Area are based on assumptions determined by a review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of the County. The tables contained in this Report include a review of the Project Area's Redevelopment Plan limits, a review of the historic assessed value trends, major property tax payers, distribution of assessed values by identified land use types, historic property tax allocations, and potential valuation impacts and tax refunds resulting from current assessment appeals.

2. REVIEW OF THE PROJECT AREA

On March 31, 1959 the Los Angeles City Council adopted Ordinance 113,231 approving the Redevelopment Plan for the Project Area. The Project Area encompasses 133 acres in the downtown area of Los Angeles, and is bounded by First Street on the north, Hill Street on the east, Fourth and Fifth Streets on the south and the Harbor 110 Freeway on the west. The Project Area is CRA/LA's first and oldest redevelopment project area.

2.1 Redevelopment Plan Limitations

The CRL required the former redevelopment agencies to impose specific time limitations on the incurrence of debt, the Redevelopment Plan effectiveness and the collection of tax increment revenue to repay debt. The Redevelopment Plan also provided for a maximum tax increment allocation limit over the life of the Project Area. The Redevelopment Plan has been amended seven times:

- On January 12, 1968, to adopt an Amended Redevelopment Plan to conform with California Community Redevelopment Law and to authorize the issuance of tax allocation bonds and preparation and adoption of a Design for Development. (Ordinance No. 135,900);
- On June 25, 1970, to include provision for adequate park and recreational areas and facilities for neighborhood improvement, with special consideration for the health, safety and welfare of children residing in the general vicinity of the area. (Ordinance No. 140,662);
- On December 17, 1986, to establish certain limitations for the Project Area, including a cap on the amount of tax increment to be received and time limits on incurring indebtedness and commencement of eminent domain proceedings, pursuant to Health and Safety Code §33333.4. (Ordinance No. 161,868);
- On December 20, 1994, to establish new time limits on incurring indebtedness, effectiveness of the Plan, and receipt of tax increment, pursuant to the Community Redevelopment Law Reform Act of 1993 (AB1290). (Ordinance No. 170,196);
- On November 21, 2003, to eliminate the time limit on incurring indebtedness pursuant to SB 211 (2001), and to extend time limits on effectiveness of the Plan and receipt of tax increment as allowed for those project areas required to make Educational Revenue Augmentation Fund (ERAF) payments in FY 2003-04 pursuant to SB 1045 (2003). (Ordinance No. 175,659);
- On December 19, 2006, to extend time limits on effectiveness of the Plan and receipt of tax increment as allowed for those project areas required to make ERAF payments in FY 2004-05 and FY 2005-06 pursuant to SB 1096 (2004). (Ordinance No. 178,167); and
- On April 15, 2011, to extend time limits on effectiveness of the Plan by one year to January 1, 2013 as permitted for those project areas required to make Supplemental Educational Augmentation Fund (SERAF) payments in FY2009-10, pursuant to AB x4-26 (2009). (Ordinance No. 181,683).

The Redevelopment Plan limits, as modified under the previous Plan amendment actions noted above, are summarized as follows:



<u>Plan</u>	<u>Last Date to Incur</u>	<u>Last Date to Repay Debt</u>	<u>Tax Increment</u>	<u>Limit on Total</u>
<u>Expiration</u>	<u>New Debt</u>	<u>with Tax Increment</u>	<u>Limit</u>	<u>Bond Debt</u>
January 1, 2013	Eliminated ¹	January 1, 2022	\$2,500,000,000	None

For Series H Bonds
December 1, 2028

For Series 2004A
December 1, 2026

The Series 2004A Community Redevelopment Financing Authority Bonds and the Series 2004B Community Redevelopment Financing Authority Bonds are secured by the Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project Tax Allocation Refunding Bonds, Series H (Series H Bonds). The refunding of the Series H Bonds will result in the concurrent refunding of the Series 2004A Authority Bonds and the Series 2004B Authority Bonds.

The Series H Bonds were issued prior to the effective date of the Community Redevelopment Law Reform Act of 1993 (AB 1290), which required redevelopment plans to be amended to include time limits for effectiveness of redevelopment plans, the incurrence of debt and repayment of debt and receipt of tax increment revenues. Health and Safety Code §33333.6, added by AB 1290 and applicable to the Project Area, expressly provides in subdivision (g) thereof that it does not affect the validity of bonds or obligations authorized by cities and redevelopment agencies prior to January 1, 1994.

Health and Safety Code §33333.6(g)(3) further provides that Section 33333.6 does not affect the right of an agency to receive property taxes to pay refunding bonds issued to refinance, refund or restructure indebtedness authorized prior to January 1, 1994, if the last maturity date of the refunding bonds is not later than the last maturity date of the refunded indebtedness and the sum of the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds is less than the sum of the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunded indebtedness.

Based on records of the Los Angeles County Auditor-Controller, it is estimated that the CRA/LA has received a cumulative gross total tax increment allocation attributable to the Project Area amounting to approximately \$926,488,000 through FY 2013-14 (this amount is inclusive of gross property taxes allocated to the RPTTF of CRA/LA).

The final maturity date of the Series H Bonds and the Series 2004A Bonds is December 1, 2028 and will be paid from the June 1, 2028 RPTTF allocation of tax revenues generated from FY 2027-28 Project Area values. Based on the projected tax increment revenue

¹ Eliminated by Ordinance No. 175,659.

forecast model for the Project Area, the \$2,500,000,000 Tax Increment Limit would be reached by FY 2027-28 if the Project Area's assessed valuation growth increases 16.5% annually from FY 2014-15 to FY 2027-28. By comparison, over a ten year period of historic assessed values examined (FY 2005-06 to FY 2014-15), actual annual growth in total Project Area value averaged 3.5% per year.

There is a question of whether tax increment limits remain effective after adoption of AB x1 26 and AB 1484. The matter remains subject to ongoing legislative cleanup efforts and interpretation by the courts. For purposes of the attached projections, it is assumed that all Redevelopment Plan limits will be enforced, with the exception that the limit on the time to receive tax revenue is assumed to be inapplicable to the portion of the Series M CRA/LA-Bunker Hill Refunding Bonds being applied to refund the Series H Bonds and the Series 2004A Bonds based on Health and Safety Code §33333.6(g).

2.2 Review of Obligations

- ***SB 211 Triggered Statutory Pass Through***

A statutory pass through obligation was triggered when the former redevelopment agency adopted a summary ordinance reflecting its election to eliminate the debt incurrence time limitations for qualifying Redevelopment Plans adopted before the passage of AB 1290. This election was allowed under legislation enacted under SB 211 and implemented by the former Community Redevelopment Agency's action to eliminate the debt incurrence time limit of the Project Area.

On November 21, 2003, the former redevelopment agency's Board of Commissioners approved an amendment to the Redevelopment Plan that eliminated the time limit for establishing debt. As a result of this election, the Project Area was required to make statutory pass through payments to the affected taxing entities pursuant to Health and Safety Code §33607.5 and §33607.7.

The statutory pass through allocations reflect the following formulas: (Tier 1) commencing in FY 2004-05, 25% of the tax increment in excess of the FY 2003-04 adjusted base value are passed through to the entities (net of a 20% Housing set aside factor) and (Tier 2) commencing in FY 2014-15, an additional 21% of the tax increment in excess of the FY 2013-14 adjusted base value is passed through to all taxing entities except for the City (net of a 20% housing set aside factor).

The statutory pass through payments are subordinate to CRA/LA debt service.

- **County Administrative Fees**

Chapter 466, Statutes of 1990, (referred to as SB 2557) permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. In addition to SB 2557 fees, the County may impose charges allowed by AB x1 26. The County's total administrative charge for the Project Area, as reported for FY 2013-14, amounts to 1.65% of the total gross tax revenue allocation for the period. The tax increment revenue projections assume that the County property tax administration will continue to be annually charged at 1.65% of the gross tax increment revenue in subsequent fiscal years.

3. REVIEW OF PROJECT ASSESSED VALUES

3.1 Current Year Assessed Values

The Project Area assessed values are prepared by the County Assessor and, until 1997-98, had reflected a March 1st lien date. Commencing with the 1997-98 fiscal year, the property tax lien date was changed to January 1. Each property assessment is assigned a unique Assessor Parcel Number (APN) that correlates to assessment maps prepared by the County. The corresponding assessed values for each parcel are then encoded to Tax Rate Areas (TRAs) which are geographic subareas with common distribution of taxes and which are contained within the boundaries of the Project Area.

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 Area. The reported current year Project Area assessed value, less the frozen Base Year assessed value, becomes the basis for determining the computed gross property tax revenue allocable to the RPTTF of CRA/LA. The reported Project Area value for FY 2014-15 is as follows:

	<u>FY 2014-15</u>	<u>% of Total</u>	<u>% of Total</u>
Secured Value	\$3,352,328,262	91.3%	
Unsecured Value	<u>319,530,835</u>	<u>8.7%</u>	
Total Current Year Value	\$3,671,859,097	100.0%	
Base Year Value	<u>22,595,206</u>		0.6%
Incremental Value	\$3,649,263,891		99.4%

3.2 Real and Personal Property

Real Property, as referred to in this Report, is defined to represent secured land and improvement assessed values. Annual increases in the assessed value of Real Property are limited to an annual inflationary increase of up to 2%, as governed by Article XIII A of the State Constitution (passed by voters as Proposition 13). Real Property values are also permitted to increase or decrease as a result of an assessable event, including change of ownership or new construction activity.

For property tax purposes, the Proposition 13 inflation factor is subject to the State's Consumer Price Index (CPI) inflation adjustment of up to 2% per year. The CPI adjustment is based on the change in the CPI from October to September. As of the January 1, 2014 property tax lien date for FY 2014-15, the State Board of Equalization has directed the County Assessor to apply a Proposition 13 inflation adjustment factor of 0.454%, which is less than the maximum 2% factor. As noted below, the annual CPI factor has been less than 2% only seven other times since the enactment of Proposition 13:

1983-84	1.000%
1995-96	1.194%
1996-97	1.115%
1999-00	1.853%
2004-05	1.867%
2010-11	-0.237%
2011-12	0.753%
2014-15	0.454%

For purposes of the tax revenue projection for the Project Area, an assumption has been made that the FY 2015-16 CPI factor will be 1% and then commencing in FY 2016-17 increases to 2% thereafter. The assessed value of Personal Property is not subject to the Proposition 13 inflation limits, rather it is subject to annual appraisal, either upward or downward. State assessed Non-Unitary properties assessed by the State Board of Equalization (SBE) also may be revalued annually and such assessments are not subject to the annual 2% inflation limitation of Article XIII A.

3.3 Base Year Assessed Value

The County Auditor-Controller has adopted an administrative policy to annually review and revise the Base Year assessed values of redevelopment project areas to the extent that properties within a project area are acquired for public uses by tax-exempt public taxing agencies. The precedent for this action stems from the 1963 case of *Redevelopment Agency of the City of*

Sacramento vs. Malaki, 216 Cal.Appl.2d 480, and subsequent related cases. The historic Base Year values of the Project Area are incorporated in Table 3.

3.4 Historic Taxable Values

Aggregated historic to current year assessed values are summarized on Table 3 of the Project Area covering fiscal years 2005-06 to 2014-15. The reported Base Year values and resulting Incremental Values are also shown, as annually reported by the County Auditor-Controller.

<u>FY</u>	<u>Secured Value</u>	<u>Unsecured Value</u>	<u>Total Value</u>
2014-15	\$3,352,328,262	\$319,530,835	\$3,671,859,097
2013-14	3,258,692,372	337,398,831	3,596,091,203
2012-13	2,953,459,202	373,559,021	3,327,018,223
2011-12	2,928,257,428	372,348,933	3,300,606,361
2010-11	2,848,913,523	386,304,419	3,235,217,942
2009-10	3,077,947,584	408,255,842	3,486,203,426
2008-09	3,035,276,710	356,472,498	3,391,749,208
2007-08	2,680,732,757	343,634,703	3,024,367,460
2006-07	2,710,372,457	349,485,390	3,059,857,847
2005-06	2,336,091,479	345,676,449	2,681,767,928

Between fiscal years 2005-06 and 2014-15, the taxable value increased by \$990 million. Over the ten year period examined, annual growth in Project Area value averaged 3.5%. With the exceptions of fiscal years 2007-08 and 2010-11, the secured assessed value increased in each year during this period. Over the ten-year period examined, secured values increased by \$1 billion. The Project Area has an incremental value of \$3.6 billion for FY 2014-15. Over the ten year period examined, annual growth in total incremental value averaged 3.5% per year.

The attached *Appendix Table 1* summarizes the historic current year, base year and incremental assessed values of all of the Project Areas administered by CRA/LA and contributing tax revenue to the RPTTF, for the period from FY 2008-09 to FY 2014-15 ². The source documents, created each year by the County Auditor-Controller, are based on assessed values that deduct all Homeowner Exemption values from the current year, base year and incremental values shown. As such, the values for Bunker Hill as reflected throughout this Report will vary from Appendix Table 1 by the amount of Homeowner Exemption value (for FY 2014-15 the Homeowner Exemption value is \$1,433,600).

² The reported Secured values for FY 2014-15 have been adjusted by KMA in Accounts 188.09, 189.06 and 190.06 to incorporate what we believe to be missing Real Property exemptions attributable to certain parcels owned by the University of Southern California. According to the County Assessor's office, certain exemption requests were filed late by USC and therefore not reflected in the FY 2014-15 Secured Tax Roll. The missing exemptions were assumed by KMA for only those parcels whose values were fully exempt in the prior fiscal year.

3.5 Ten Largest Taxpayers

The ten largest taxpayers in the Project Area are summarized on Table 4 and were identified by KMA based upon a review of the FY 2014-15 locally assessed secured and unsecured taxable valuations reported by the County Auditor-Controller. The summary includes the taxpayer name, secured and unsecured value, percentage share of the total reported and incremental assessed value, designated land use, and whether an assessment appeal has been filed.

The aggregate total taxable value for the ten largest taxpayers totaled \$2.7 billion. The top ten taxpayers totaled 73.56% of the Project Area's taxable assessed value. The table below details the valuations of the top ten taxpayers. The largest taxpayer represents 74.02% of the Project Area's incremental value.

	2014-15 Assessed Value	% Total Value	% Incremental Value
<i><u>Project Area Total & Incremental Values:</u></i>		<u>\$3,671,859,097</u>	<u>\$3,649,263,891</u>
1 Trizec 333 LA LLC ¹	\$468,870,272	12.77%	12.85%
2 350 S Grand Ave Holdings ¹	440,993,060	12.01%	12.08%
3 Maguire Partners 355 S Grand LLC	343,191,581	9.35%	9.40%
4 Maguire Properties One Cal Plaza LLC ¹	325,426,680	8.86%	8.92%
5 Maguire Properties 355 S Grand LLC	264,889,667	7.21%	7.26%
6 Hines VAF II 444 South Flower LP ¹	242,736,700	6.61%	6.65%
7 SPUS6 400 South Hope LP	236,042,439	6.43%	6.47%
8 KBSII 445 South Figueroa LLC ¹	217,418,183	5.92%	5.96%
9 Promenade Towers Ltd. ¹	93,365,518	2.54%	2.56%
10 RMMK II LLC	<u>68,280,608</u>	<u>1.86%</u>	<u>1.87%</u>
Total	\$2,701,214,708	73.56%	74.02%

(1) Pending appeals.

The attached *Appendix Table 2* summarizes the ten largest taxpayers for all project areas administered by CRA/LA and contributing tax revenue to the RPTTF for FY 2014-15. For purposes of the *Appendix Table 2* analysis, only Secured assessed values of the largest taxpayers were analyzed, with seven of the top ten largest taxpayers from the Project Area. The CRA/LA-wide ten largest taxpayers represent 7.59% of the total combined assessed value of all project areas and represent 11.3% of their combined incremental value.

3.6 Land Use Composition by Value

A distribution of values by County Assessor-designated land use in the Project Area was prepared based on a review of the FY 2014-15 assessed values. The distribution of value by land use is summarized on Table 5, which identifies the amount of reported assessed value represented by commercial and residential uses, unsecured valuations and other minor

uses in the Project Area. Land use designations assigned by the County Assessor do not necessarily follow City land use and zoning designations and only Secured parcel counts are shown on Table 5. Unsecured assessments are accounted for in the Secured parcel counts and therefore not shown on Table 5.

<u>Category</u>	<u>No. of Parcels</u>	<u>Assessed Value</u>	<u>% of Total</u>
Residential	759	\$412,091,720	11.22%
Commercial	40	2,897,829,257	78.92%
Governmental/ Exempt	21	0	0.00%
Institutional	2	3,021,266	0.08%
Miscellaneous	1	8,275,686	0.23%
Recreational	1	1,210,159	0.03%
Vacant	11	27,063,859	0.74%
Cross Reference Roll	2	2,836,315	0.08%
Unsecured	630	319,530,835	8.70%
TOTAL 2014-15	1,467	\$3,671,859,097	100.0%

4. TAX ALLOCATION AND DISBURSEMENT

4.1 Tax Rates

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 XIII A. An amendment to the State 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 practice to use the basic one percent tax rate in calculating the RPTTF allocation, a one percent levy is used in the revenue projections presented on Tables 1 and 2.

4.2 Allocation of Taxes

Secured 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 March 1 and become delinquent August 31. The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the lien date for property within the boundaries of redevelopment project areas. This results in the reported total current year Project Area taxable value and became the basis for determining tax increment revenues. RPTTF revenue determinations reflect actual collections within the Project Areas' TRAs. Although adjustments to taxable values for property within the Project Area may occur

throughout the fiscal year, such adjustments are not assumed in the tax increment projection prepared by KMA.

4.3 Property Tax Delinquencies and Revenue Allocations

Tax increment revenues are allocated to the CRA/LA based upon allocation formulas implemented under AB x1 26 and AB 1484, as discussed previously. 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 Area. Table 6 represents a 5-year historic comparison of property tax delinquencies as reported by the County's year-end tax ledgers between FY 2009-10 and FY 2013-14. The historic property taxes collected within the Project Area averaged 99.5%.

Fiscal Year	Computed Levy (1)	Actual Based on Collections Rate (2)	Prior Year Collections
2009-10	\$36,454,369	\$36,287,562	99.54%
2010-11	33,896,102	33,549,116	98.98%
2011-12	34,596,357	34,403,244	99.44%
2012-13	34,743,367	34,651,376	99.74%
2013-14	37,484,798	37,424,672	99.84%
		Average % Collections:	99.51%

- (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 up to FY 2010-11 and prior to dissolution of redevelopment agencies pursuant to AB x1 26. 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.

Commencing in FY 2011-12 under the implementation of new allocation procedures required by AB x1 26 and AB 1484, the semi-annual payment RPTTF allocations from the Project Area are also shown on Table 6 (prior to the County's deduction of County administrative fees, pass through payments, CRA/LA enforceable obligation payments and CRA/LA -administrative allowances).

5. ASSESSMENT APPEALS

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 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. Most appeals heard by an Assessment Appeals Board are scheduled within 12 to 18 months and residential appeals heard by a Hearing Officer are scheduled within six to nine months. Revenue and Taxation Code §1604, however, allows up to two years for an assessment appeal to be

decided. As such, an open appeal on the same parcel for more than one fiscal year can occur and each appeal filing would be separately reported in the County's database.

KMA researched the status of assessment appeals filed by property owners in the Project Area based upon the latest information available from the County Appeals Board database through the Second Quarter of 2014. The results of this survey of properties having an outstanding or recently stipulated appeal are summarized as follows:

Total No. of Appeals 2009-10 to 2013-14	198		
No. of Resolved Appeals	112		
No. of Successful Appeals	20		
Percent of Successful Appeals	17.857%		
Average Value Reduction of Successful Appeals	6.780%		
No. of Open/Pending Appeals	86		
Est. No. of Open/Pending Appeals Allowed	15		
			<u>Est. Reduction</u>
	<u>Contested Value</u>	<u>Opinion of Value ³</u>	<u>Assumed</u>
FY 2013-14 Open/Pending Appeal Values	\$1,663,205,000	\$779,315,000	\$20,138,000
FY 2012-13 Open/Pending Appeal Values	1,092,916,000	560,545,000	13,233,000
FY 2011-12 Open/Pending Appeal Values	474,279,000	68,311,000	5,743,000
Prior 2011-12 Open/Pending Appeal Values	<u>48,803,000</u>	<u>11,073,000</u>	<u>590,000</u>
Total Open/Pending Appeal Assessed Values	\$3,279,203,000	\$1,419,244,000	\$39,704,000
Projected Tax Refund			\$397,040

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 of CRA/LA. For purposes of the attached projections, an estimate of the Project Area's FY 2014-15 property tax refund exposure resulting from an assumed resolution of outstanding prior year appeals found in this survey is assumed to be one percent of the projected valuation impact which is equal to \$397,040 ⁴. The estimated reduction in value identified above is assumed to be reflected in the Project Area's aggregate assessed value commencing in FY 2015-16 and remain in effect over the term of the revenue projection.

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 projection. An appeal may be withdrawn by the applicant, the

³ Not all assessment appeal applications contained an applicant's opinion of value and the County database defaulted to zero opinion of value in such instances.

⁴ Tax refund estimate represents a tax refund on multiple fiscal year filings of appeals on the same parcel.

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.

5.1 Actual Appeal Filing Outcomes

Every filed appeal does not result in an assessed value reduction. To measure the historic patterns of success rates from appeals filed in the Project Area, KMA examined the County's Second Quarter 2014 assessment appeal database. A total of 218 records for the period ranging from FY 2008-09 to FY 2012-13 were identified; FY 2013-14 appeal filings are excluded from this statistical analysis because all of the appeals are open and pending resolution and therefore would not be appropriate for a historic trend. Based upon the distribution of appeals shown on the table below, historic statistical patterns for the period indicate that 15% of all appeal filings were reduced or stipulated, 23% of the appeal records are open, and 62% of the appeal records were withdrawn, denied, deemed invalid or the applicant failed to appear.

	Total Filings	Stipulated or Reduced	Denied, Invalid, Withdrawn or No Show	Open
<i>FY 2012-13</i>	40	1	10	29
<i>FY 2011-12</i>	44	2	23	19
<i>FY 2010-11</i>	40	5	34	1
<i>FY 2009-10</i>	38	12	25	1
<i>FY 2008-09</i>	56	13	43	0
<i>Combined 2008-09 to 2012-13</i>	218	33 15.1%	135 61.9%	50 22.9%

5.2 Actual Overall Net Value Impact

A secondary historic analysis was conducted from the Project Area parcel extraction to determine the assessed valuation reduction impact experienced from all prior year secured and unsecured resolved filings (i.e. excluding appeals with an "open" status designation). The average percentage reductions of assessed values resulting from stipulated appeals, combined with the unchanged assessed values from appeals withdrawn, denied, deemed invalid or not heard because of the non-appearance by the applicant, are reflected in the table below. The corresponding contested and resolved values⁵ were then aggregated and the average percentage reductions were determined.

⁵ The resolved value of appeals withdrawn, denied, invalid or a no show is the same as the value contested since no reduction was approved by the Assessment Appeals Board.

The resulting historic percentage reductions experienced for the period analyzed are as follows:

<u>FY</u>	<u>Total</u> <u>Contested AV</u>	<u>Applicant</u> <u>Opinion of Value</u>	<u>Total</u> <u>Resolved AV</u>	<u>Variance</u>	<u>%</u> <u>Reduction</u>
2012-13	628,871,119	289,026,990	628,851,119	(20,000)	0.00%
2011-12	1,287,175,268	791,784,910	1,287,125,268	(50,000)	0.00%
2010-11	2,136,736,224	1,318,434,920	2,116,182,921	(20,553,303)	-0.96%
2009-10	2,028,451,251	978,095,530	2,014,270,114	(14,181,137)	-0.70%
2008-09	536,590,231	424,459,629	534,364,764	(2,225,467)	-0.41%
<i>Combined</i> 2008-09 to 2012-13	6,617,824,093	3,801,801,979	6,580,794,186	(37,029,907)	-0.56%

For the historic period reviewed, properties that were the subject of assessment appeal filings only resulted in an overall average value reduction of 0.56%. Therefore, the projected assessed value reductions and tax refunds estimated for this review and utilizing the approach discussed above represents a conservative scenario of future impacts resulting from the identified assessment appeal filings reported as of the Second Quarter 2014.

6. TAX REVENUE PROJECTION

6.1 Property Tax Revenue

Property assessed values in excess of the amount resulting from the valuation shown on the assessment roll for the base year of the Project Area is Tax Revenue of the Project Area (previously referred to as tax increment revenue). The base year for a given redevelopment project area represents the fiscal year in which taxable property was last equalized prior to the effective date of the ordinance approving a project area's redevelopment plan.

The projections of tax revenues shown on Tables 1 and 2 are based upon the reported FY 2014-15 assessed values. The application of the Proposition 13 inflationary increase to Real Property values results in the estimate of future assessed values, as no value has been added from any new developments in the projections. However, for purposes of this projection, projected values in FY 2015-16 are adjusted to reflect estimated valuation changes resulting from identified assessment appeals.

With Growth-In Thousands

	Taxable Value	Gross Tax	Admin	Pledged	Subordinate	Net Tax
FY	Over Base	Revenues	Fees	Tax	Statutory	Revenues
	\$22,595			Revenue	Pass	
					Through	
2014-15	3,649,264	37,845	(633)	37,212	(3,203)	34,009
2015-16	3,642,657	38,176	(632)	37,544	(3,221)	34,323
2016-17	3,709,512	38,845	(643)	38,202	(3,360)	34,842
2017-18	3,777,704	39,527	(654)	38,873	(3,500)	35,373
2018-19	3,847,260	40,222	(666)	39,556	(3,644)	35,912
2019-20	3,918,208	40,932	(677)	40,255	(3,791)	36,464
2020-21	3,990,574	41,656	(689)	40,967	(3,940)	37,027
2021-22	4,064,388	42,394	(702)	41,692	(4,093)	37,599
2022-23	4,139,678	43,147	(714)	42,433	(4,247)	38,186
2023-24	4,216,473	43,915	(727)	43,188	(4,406)	38,782
2024-25	4,294,805	44,698	(740)	43,958	(4,568)	39,390
2025-26	4,374,703	45,497	(753)	44,744	(4,733)	40,011
2026-27	4,456,199	46,312	(766)	45,546	(4,901)	40,645
2027-28	4,539,325	47,143	(780)	46,363	(5,073)	41,290

A “no growth” projection of the Tax Revenues is presented on Table 2 and does not assume any valuation growth from new developments or inflationary increases.

No Growth – In Thousands

	Taxable Value	Gross Tax	Admin	Pledged	Subordinate	Net Tax
FY	Over Base	Revenues	Fees	Tax	Statutory	Revenues
	\$22,595			Revenue	Pass	
					Throughs	
2014-15	3,649,264	37,845	(633)	37,212	(3,203)	34,009
2015-16	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2016-17	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2017-18	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2018-19	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2019-20	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2020-21	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2021-22	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2022-23	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2023-24	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2024-25	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2025-26	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2026-27	3,609,560	37,845	(626)	37,219	(3,153)	34,066
2027-28	3,609,560	37,845	(626)	37,219	(3,153)	34,066

As discussed at the beginning of this Report, the allocation of former tax increment revenues was modified by enactment of AB x1 26 and AB 1484, which requires the County Auditor-Controller to deposit tax increment revenue into the CRA/LA's RPTTF twice yearly on January 2nd and June 1st. Any remaining RPTTF revenues not used to fund County administrative fees, pass through payments and CRA/LA enforceable obligations are treated as property taxes and are distributed to affected taxing entities. It is therefore difficult to forecast with certainty the annual amount of net property tax that will be allocated to the CRA/LA in all future fiscal years without a forecast of future enforceable obligations. Therefore, the revenue projections of this Report represent the gross amount of tax increment revenues that could be allocated to the RPTTF before consideration of enforceable obligations.

The projections assume that existing time and dollar limits on receipt of tax increment for the Project Area remain operative, with the exception that the limit on the time to receive tax revenue is assumed to be inapplicable to the portion of the Series M CRA/LA-Bunker Hill Refunding Bonds being applied to refund the Series H Bonds based on Health and Safety Code §33333.6(g) (in which the limits added by AB 1290 do not affect the validity of bonds or obligations authorized by cities and redevelopment agencies prior to January 1, 1994).

As stated previously, there is a question as to whether tax increment limits remain effective after adoption of AB x1 26 and AB 1484. The matter remains subject to further guidance from legislation and interpretation by the courts since DOF has advised County Auditor-Controllers that pursuant to its interpretation of the dissolution statutes, these redevelopment plan limits are no longer in force. If the projections were prepared consistent with the DOF interpretation, tax revenues for the Project Area would continue to be fully available for debt service through the final payment date on the bonds irrespective of whether the time and dollar limits in the plans are reached.

The projections do not reflect the potential future implementation by the County Auditor-Controller of Health and Safety Code §34187 that requires funds associated with retired enforceable obligations to be reallocated to taxing agencies as regular property taxes and not deposited into the RPTTF for the CRA/LA (Health and Safety Code §34187(a)(2) does provide for retention of funds by the CRA/LA to the extent needed for payment of enforceable obligations upon authorization by DOF). The County and DOF procedures are subject to change as a reflection of policy revisions or administrative, regulatory, legislative and/or judicial mandates in the future.

6.2 Unitary Tax Revenue

Commencing in 1988-89, the reporting of public utility values assessed by the State Board of Equalization (SBE) was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-

wide and was allocated according to the location of individual components of a utility in a TRA. Hence, public utility values located within a component area were fully reflected in the component area's annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a County-wide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

For fiscal year 2013-14, the allocation reported by the County Auditor-Controller reflected \$1,749,838 in Unitary Taxes. Although the Unitary Tax has remained historically constant, it is subject to inflationary growth adjustments, assessment appeals, and value added from new facility construction. For purposes of the tax revenue projections, it is assumed that the Unitary Tax will stabilize at the reported FY 2013-14 amount in subsequent fiscal years.

7. CAVEAT

The projections reflect assumptions based on KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or administrative, regulatory or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that legislatively-mandated payments to the State will not be required in future fiscal years and no changes to State legislation are enacted to change or eliminate the CRA/LA's ability to receive tax increment revenue. These assumptions are based on existing State policies and are subject to future regulatory or legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment revenues shown on the attached tables. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, changes in assessor valuation standards, or the non-payment of taxes due. The accuracy or completeness of assessment appeals identified in the attached table are based solely upon information provided by the County Assessor's office as of the date of the original review of said data by KMA.

Attachments

CRA/LA - A Designated Local Authority

Bunker Hill Project Area

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



Table 1

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Taxable Values (1)															
Real Property (2)		3,349,370	3,342,763	3,409,618	3,477,811	3,547,367	3,618,314	3,690,680	3,764,494	3,839,784	3,916,580	3,994,911	4,074,809	4,156,306	4,239,432
Personal Property (3)		322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489
Total Projected Value		3,671,859	3,665,252	3,732,107	3,800,299	3,869,856	3,940,803	4,013,169	4,086,983	4,162,273	4,239,068	4,317,400	4,397,298	4,478,794	4,561,921
Taxable Value Over Base	22,595	3,649,264	3,642,657	3,709,512	3,777,704	3,847,260	3,918,208	3,990,574	4,064,388	4,139,678	4,216,473	4,294,805	4,374,703	4,456,199	4,539,325
Gross Tax Increment Revenue (4)		36,493	36,427	37,095	37,777	38,473	39,182	39,906	40,644	41,397	42,165	42,948	43,747	44,562	45,393
Unitary Tax Revenue		1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Appeal Tax Refund		(397)	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Plan Limit Forfeiture (5)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Revenues		37,845	38,176	38,845	39,527	40,222	40,932	41,656	42,394	43,147	43,915	44,698	45,497	46,312	47,143
Less:															
County Admin Fees (6)		(633)	(632)	(643)	(654)	(666)	(677)	(689)	(702)	(714)	(727)	(740)	(753)	(766)	(780)
PLEGGED TAX REVENUE		37,212	37,544	38,202	38,873	39,556	40,255	40,967	41,692	42,433	43,188	43,958	44,744	45,546	46,363
Subordinate Pass Through:															
Statutory Tax Sharing Tier 1 (7)		(3,108)	(3,135)	(3,190)	(3,246)	(3,303)	(3,362)	(3,421)	(3,482)	(3,543)	(3,606)	(3,671)	(3,736)	(3,803)	(3,872)
Statutory Tax Sharing Tier 2 (7)		(95)	(86)	(170)	(254)	(341)	(429)	(519)	(611)	(704)	(800)	(897)	(997)	(1,098)	(1,201)
Net Tax Revenue		34,009	34,323	34,842	35,373	35,912	36,464	37,027	37,599	38,186	38,782	39,390	40,011	40,645	41,290

(1) Taxable values as reported by the Los Angeles County Auditor Controller for FY 2014-15.

(2) Real Property consists of secured land and improvement value. Increases for inflation assumed at 1% in FY 2015-16 and then 2% commencing in FY 2016-17.

Values for FY 2015-16 and thereafter are decreased by \$39,704,000 for assumed projected value loss due to pending assessment appeals.

(3) Personal Property consists of secured fixtures and personal property, State assessed utility value and all unsecured values. Personal Property values are held constant to the reported amount.

(4) Projected Gross Tax Increment Revenue is based upon incremental values factored against the General Levy tax rate of \$1.00 per \$100 of taxable value. Assumed tax refund due to pending appeals is also incorporated in FY 2014-15. Pursuant to AB 1x26, all revenue derived from debt service override tax rates will be directed to the levying taxing entities.

(5) Cumulative tax increment revenue limit of \$2,500,000,000 exists for the Project Area. This limit is not reached under the growth assumptions of this projection.

The limit may be reached within the term of this forecast if assessed values increase at 16.5% per year between FY 2015-16 and FY 2027-28.

(6) The County Administrative fee (allowed by SB 2557 and AB x1 26) is estimated at 1.65% of Gross Tax Increment Revenues and Unitary Taxes.

(7) The Project Area was established before January 1, 1994. However, on November 21, 2003 CRA/LA adopted an amendment to eliminate the debt incurrence time limit, thereby triggering the requirement to make statutory pass through payments per HSC 33607.7.

CRA/LA - A Designated Local Authority

Bunker Hill Project Area

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



Table 2

NO GROWTH

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Taxable Values (1)															
Real Property (2)		3,349,370	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666	3,309,666
Personal Property (3)		322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489	322,489
Total Projected Value		3,671,859	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155	3,632,155
Taxable Value Over Base	22,595	3,649,264	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560	3,609,560
Gross Tax Increment Revenue (4)		36,493	36,096	36,096	36,096	36,096	36,096	36,096	36,096	36,096	36,096	36,096	36,096	36,096	36,096
Unitary Tax Revenue		1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Appeal Tax Refund		(397)	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Plan Limit Forfeiture (5)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Revenues		37,845	37,845	37,845	37,845	37,845	37,845	37,845	37,845	37,845	37,845	37,845	37,845	37,845	37,845
Less:															
County Admin Fees (6)		(633)	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)	(626)
PLEGGED TAX REVENUE		37,212	37,219	37,219	37,219	37,219	37,219	37,219	37,219	37,219	37,219	37,219	37,219	37,219	37,219
Subordinate Pass Through:															
Statutory Tax Sharing Tier 1 (7)		(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)	(3,108)
Statutory Tax Sharing Tier 2 (7)		(95)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)
Net Tax Revenue		34,009	34,066	34,066	34,066	34,066	34,066	34,066	34,066	34,066	34,066	34,066	34,066	34,066	34,066

(1) Taxable values as reported by the Los Angeles County Auditor Controller for FY 2014-15.

(2) Real Property consists of secured land and improvement value.

Values for FY 2015-16 and thereafter are decreased by \$39,704,000 for assumed projected value loss due to pending assessment appeals.

(3) Personal Property consists of secured fixtures and personal property, State assessed utility value and all unsecured values. Personal Property values are held constant to the reported amount.

(4) Projected Gross Tax Increment Revenue is based upon incremental values factored against the General Levy tax rate of \$1.00 per \$100 of taxable value. Assumed tax refund due to pending appeals is also incorporated in FY 2014-15. Pursuant to AB 1x26, all revenue derived from debt service override tax rates will be directed to the levying taxing entities.

(5) Cumulative tax increment revenue limit of \$2,500,000,000 exists for the Project Area. This limit is not reached under the growth assumptions of this projection.

The limit may be reached within the term of this forecast if assessed values increase at 16.5% per year between FY 2015-16 and FY 2027-28.

(6) The County Administrative fee (allowed by SB 2557 and AB x1 26) is estimated at 1.65% of Gross Tax Increment Revenues and Unitary Taxes.

(7) The Project Area was established before January 1, 1994. However, on November 21, 2003 CRA/LA adopted an amendment to eliminate the debt incurrence time limit, thereby triggering the requirement to make statutory pass through payments per HSC 33607.7.

CRA/LA - A Designated Local Authority

Bunker Hill Project Area

Historical Values

Table 3



	Base Year 1958-59	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Average % Change
Secured												
Land	12,731,339	481,080,814	539,972,750	565,973,815	628,776,544	634,624,867	628,168,009	629,919,202	633,288,737	694,405,327	700,275,592	4.26%
Improvements	8,850,586	2,009,546,504	2,223,596,036	2,239,428,115	2,533,552,463	2,579,255,411	2,486,291,557	2,567,476,781	2,594,619,939	2,845,933,328	2,929,324,799	4.28%
Personal Prop/Fixt	604,361	1,645,645	1,317,745	1,610,111	1,584,217	1,202,890	1,502,325	8,698,573	8,657,043	3,474,297	7,617,931	18.56%
Exemptions	(67,520)	(156,181,484)	(54,514,074)	(126,279,284)	(128,636,514)	(137,135,584)	(267,048,368)	(277,837,128)	(283,106,517)	(285,120,580)	(284,890,060)	6.91%
Total Secured	22,118,766	2,336,091,479	2,710,372,457	2,680,732,757	3,035,276,710	3,077,947,584	2,848,913,523	2,928,257,428	2,953,459,202	3,258,692,372	3,352,328,262	4.09%
Unsecured												
Land	31,960	-	-	-	-	-	-	-	-	-	-	0.00%
Improvements	23,520	95,707,129	113,368,376	106,211,498	113,366,608	144,087,322	154,226,481	141,878,944	142,821,681	114,161,180	128,844,731	3.36%
Personal Prop/Fixt	427,840	384,243,345	375,646,550	380,659,905	243,105,890	264,168,520	232,077,938	231,074,042	230,737,340	224,425,867	374,019,569	-0.30%
Exemptions	(6,880)	(134,274,025)	(139,529,536)	(143,236,700)	-	-	-	(604,053)	-	(1,188,216)	(183,333,465)	3.52%
Total Unsecured	476,440	345,676,449	349,485,390	343,634,703	356,472,498	408,255,842	386,304,419	372,348,933	373,559,021	337,398,831	319,530,835	-0.87%
GRAND TOTAL	22,595,206	2,681,767,928	3,059,857,847	3,024,367,460	3,391,749,208	3,486,203,426	3,235,217,942	3,300,606,361	3,327,018,223	3,596,091,203	3,671,859,097	3.55%
Less Base Value		(20,353,759)	(20,353,759)	(22,605,101)	(22,605,101)	(22,595,206)	(22,595,206)	(22,595,206)	(22,595,206)	(22,595,206)	(22,595,206)	
Incremental Value:		2,661,414,169	3,039,504,088	3,001,762,359	3,369,144,107	3,463,608,220	3,212,622,736	3,278,011,155	3,304,423,017	3,573,495,997	3,649,263,891	3.57%
Percentage Change:		9.35%	14.21%	-1.24%	12.24%	2.80%	-7.25%	2.04%	0.81%	8.14%	2.12%	

Source: Los Angeles County Auditor-Controller. Values shown are before deduction of any Homeowner's Exemptions.

Prepared by: Keyser Marston Associates, Inc.

Filename: BH_Historic_2014-10-03: HIST: 10/2/2014: GSH

CRA/ LA - A Designated Local Authority
Bunker Hill Project Area
Top Ten Taxable Property Owners for FY 2014-15



Table 4

	Secured			Unsecured			Total			Use Code
	Value	Parcels	% of Secured Value	Value	Parcels	% of Unsecured Value	Value	% of Total Value	% of Incremental Value	
1 Trizec 333 LA LLC	\$468,870,272	1	13.99%	\$0	-	0.00%	\$468,870,272	12.77%	12.85%	Commercial-Office (BofA)
2 350 S Grand Ave Holdings	\$440,993,060	1	13.15%	\$0	-	0.00%	\$440,993,060	12.01%	12.08%	Commercial-Office (Two Cal Plaza)
3 Maguire Partners 355 S Grand LLC	\$342,395,308	1	10.21%	\$796,273	1	0.25%	\$343,191,581	9.35%	9.40%	Commercial-Office (Wells Fargo)
4 Maguire Properties One Cal Plaza LLC	\$324,807,960	4	9.69%	\$618,720	3	0.19%	\$325,426,680	8.86%	8.92%	Commercial-Office (One Cal Plaza)
5 Maguire Properties 355 S Grand LLC	\$264,889,667	2	7.90%	\$0	-	0.00%	\$264,889,667	7.21%	7.26%	Commercial-Office (KPMG, Garage)
6 Hines VAF II 444 South Flower LP	\$242,664,941	1	7.24%	\$71,759	1	0.02%	\$242,736,700	6.61%	6.65%	Commercial-Office (Citigroup Ctr)
7 SPUS6 400 South Hope LP	\$236,021,695	1	7.04%	\$20,744	1	0.01%	\$236,042,439	6.43%	6.47%	Commercial-Office (400 Hope)
8 KBSII 445 South Figueroa LLC	\$217,385,670	1	6.48%	\$32,513	2	0.01%	\$217,418,183	5.92%	5.96%	Commercial-Office (Union Bank)
9 Promenade Towers Ltd.	\$93,365,518	13	2.79%	\$0	-	0.00%	\$93,365,518	2.54%	2.56%	Residential-Multi-family
10 RMMK II LLC	\$68,219,513	1	2.03%	\$61,095	1	0.02%	\$68,280,608	1.86%	1.87%	Commercial-Hotel [Omni Hotel]
Top Ten Property Owner Totals	\$2,699,613,604	26		\$1,601,104	9		\$2,701,214,708			
Project Area Totals:	\$3,352,328,262		80.53%	\$319,530,835		0.50%	\$3,671,859,097	73.56%		
Project Area Incremental Value:	\$3,330,209,496		81.06%	\$319,054,395		0.50%	\$3,649,263,891		74.02%	

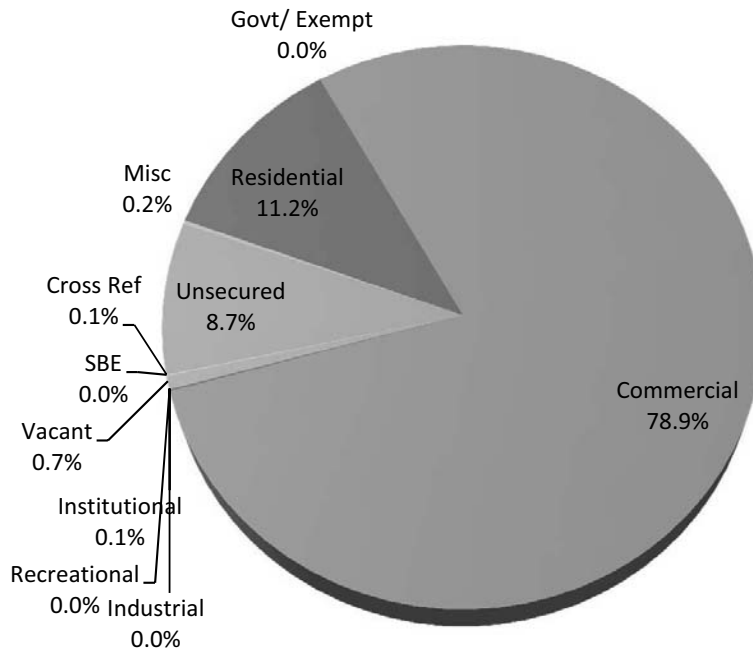
CRA/ LA - A Designated Local Authority Bunker Hill Project Area

Project Area Land Use Categories for FY 2014-15

Table 5



Category	No. of Parcels	Net Taxable Value	% of Total
Residential	759	\$412,091,720	11.22%
Commercial	40	\$2,897,829,257	78.92%
Industrial	-	\$0	0.00%
Governmental/ Exempt	21	\$0	0.00%
Institutional	2	\$3,021,266	0.08%
Miscellaneous	1	\$8,275,686	0.23%
Recreational	1	\$1,210,159	0.03%
Vacant	11	\$27,063,859	0.74%
Subtotal	835	\$3,349,491,947	91.22%
SBE Non-Unitary	-	\$0	0.00%
Cross Reference Roll	2	\$2,836,315	0.08%
Unsecured	630	\$319,530,835	8.70%
Subtotal	632	\$322,367,150	8.78%
TOTAL	1,467	\$3,671,859,097	100.00%



CRA/LA - A Designated Local Authority
Bunker Hill Project Area
Historical Receipts to Levy
Table 6



	2009-10	2010-11	2011-12	2012-13	2013-14
I. Reported Assessed Value:					
Secured (1)	3,077,947,584	2,848,913,523	2,928,257,428	2,953,459,202	3,258,692,372
Unsecured (1)	408,255,842	386,304,419	372,348,933	373,559,021	337,398,831
II. Total Project Value	3,486,203,426	3,235,217,942	3,300,606,361	3,327,018,223	3,596,091,203
Less Secured Base Value (2)	(22,118,766)	(22,118,766)	(22,118,766)	(22,118,766)	(22,118,766)
Less Unsecured Base Value	(476,440)	(476,440)	(476,440)	(476,440)	(476,440)
Total Incremental Value	3,463,608,220	3,212,622,736	3,278,011,155	3,304,423,017	3,573,495,997
Tax Rate to Compute Tax Increment	1.0043%	1.0037%	1.0037%	1.0000%	1.0000%
III. Computed Gross Tax Increment:	34,785,017	32,245,094	32,901,398	33,044,230	35,734,960
Unitary Tax Revenue	1,669,351	1,651,007	1,694,959	1,699,137	1,749,838
Total Computed Levy	36,454,369	33,896,102	34,596,357	34,743,367	37,484,798
IV. Gross Tax Based on Collections Rate (3):					
Secured Tax Increment	30,622,168	28,060,437	29,017,231	29,284,091	32,336,607
Unsecured Tax Increment	3,996,043	3,837,672	3,691,054	3,668,148	3,338,227
Unitary Tax Revenue	1,669,351	1,651,007	1,694,959	1,699,137	1,749,838
Total Tax Based on Collections Rate	36,287,562	33,549,116	34,403,244	34,651,376	37,424,672
Variance From Computed Levy	(166,807)	(346,986)	(193,113)	(91,991)	(60,126)
% Collections per County	99.54%	98.98%	99.44%	99.74%	99.84%
V. Post-Dissolution Actual Gross Tax Increment Allocated (4):					
T.I. Allocated July 1, 2011 to January 31, 2012			16,307,239		
RPTTF Gross Allocation June 2012 (February 1, 2012 to June 30, 2012)			15,669,421		
RPTTF Gross Allocation January				17,042,726	15,791,297
RPTTF Gross Allocation June				19,188,480	22,285,112
Post-Dissolution Allocated Levy			31,976,659	36,231,206	38,076,409

(1) Amounts shown are as reported by the Los Angeles County Auditor-Controller in August of each fiscal year.

(2) Annual changes in the Base Year value are the result of acquisitions of privately held properties by public entities. Increases in the Base Year value are the result of dispositions of publicly held properties to private ownership. The County's practice stems from the case of Redevelopment Agency of the City of Sacramento vs. Malaki, 216 Cal. Appl. 2d 480 and subsequent related cases.

(3) Source: County Auditor-Controller year-end tax ledger detail. Amounts represent the annual tax increment revenues allocable to the Agency up to FY 2010-11 and prior to the dissolution of the Redevelopment Agency under AB 1x26. 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 Auditor-Controller.

(4) Source: County Auditor-Controller monthly tax ledgers (November and December 2011 and January 2012). After the dissolution of the Redevelopment Agency, commencing February 1, 2012, the allocation to the Successor Agency of the former Redevelopment Agency was changed and a biannual allocation to the RPTTF is shown. Amounts shown do not include a deduction of administrative fees, tax refunds, pass through payments, nor do they include supplemental taxes and prior year redemptions.

CRA/LA - A Designated Local Authority
Bunker Hill Project Area
Projection of Pending Assessment Appeals Impact
Table 7



	Dbase	Total Contested Value	Applicant Opinion of Value	Total Resolved Value	Variance
<i>Total No. of Appeals from 2009/10 to 2013/14</i>	198				
<i>No. of Resolved Appeals</i>	112				
<i>No. of Successfully Resolved Appeals</i>	20	17.857143%	% Successful		
<i>Average Reduction of Successful Appeals</i>	6.78041%	\$513,302,000	\$413,908,000	\$478,497,000	(\$34,804,000)
<i>Total No. of Pending Appeals</i>	86				
<i>Assumed No. of Pending Appeals Stipulated</i>	15	No. Pending Appeals x % Successful			
<i>FY 2013-14 Open/Pending Appeals</i>	(20,138,000)	1,663,205,000	779,315,000	1,643,067,000	(20,138,000)
<i>FY 2012-13 Open/Pending Appeals</i>	(13,233,000)	1,092,916,000	560,545,000	1,079,683,000	(13,233,000)
<i>FY 2011-12 Open/Pending Appeals</i>	(5,743,000)	474,279,000	68,311,000	468,536,000	(5,743,000)
<i>Prior 2011-12 Open/Pending Appeals</i>	(590,000)	48,803,000	11,073,000	48,213,000	(590,000)
<i>Total Est. Reduction Assumed for Open/Pending Appeals</i>	(\$39,704,000)	\$3,279,203,000	\$1,419,244,000	\$3,239,499,000	(\$39,704,000)
<i>Total Est. Tax Refund Open/Pending Appeals at 1%</i>	(\$397,040)				

SECURED APPEALS:

1	2013-018560	5149-010-026	13000	MAGUIRE PROPERTIES/ ONE CAL PLAZA	Open	321,809,694	-
2	2013-018560	5149-010-028	13000	MAGUIRE PROPERTIES/ ONE CAL PLAZA	Open	632,502	-
3	2013-018560	5149-010-029	13000	MAGUIRE PROPERTIES/ ONE CAL PLAZA	Open	448,902	-
4	2013-013220	5149-010-265	13000	350 South Grand Avenue Holdings LLC	Open	439,000,000	406,400,000
5	2013-007295	5151-001-026	13000	PROMENADE TOWERS LTD	Open	22	-
6	2012-011038	5151-001-026	12000	PROMENADE TOWERS LTD	Open	22	-
7	2011-010600	5151-001-026	11000	PROMENADE TOWERS LTD	Open	22	-
8	2013-007295	5151-001-027	13000	PROMENADE TOWERS LTD	Open	31,771,600	-
9	2012-011038	5151-001-027	12000	PROMENADE TOWERS LTD	Open	23,391,600	-
10	2011-010600	5151-001-027	11000	PROMENADE TOWERS LTD	Open	23,391,600	-
11	2013-007295	5151-001-028	13000	PROMENADE TOWERS LTD	Open	853,000	-
12	2012-011038	5151-001-028	12000	PROMENADE TOWERS LTD	Open	663,000	-
13	2011-010600	5151-001-028	11000	PROMENADE TOWERS LTD	Open	663,000	-
14	2013-007295	5151-001-029	13000	PROMENADE TOWERS LTD	Open	4,266,000	-
15	2012-011038	5151-001-029	12000	PROMENADE TOWERS LTD	Open	2,651,300	-
16	2011-010600	5151-001-029	11000	PROMENADE TOWERS LTD	Open	2,651,300	-
17	2013-007295	5151-001-030	13000	PROMENADE TOWERS LTD	Open	22	-
18	2012-011038	5151-001-030	12000	PROMENADE TOWERS LTD	Open	22	-
19	2011-010600	5151-001-030	11000	PROMENADE TOWERS LTD	Open	22	-

CRA/LA - A Designated Local Authority
Bunker Hill Project Area
Projection of Pending Assessment Appeals Impact
Table 7



					Dbase	Total Contested Value	Applicant Opinion of Value	Total Resolved Value	Variance
20	2013-007295	5151-001-031	13000	PROMENADE TOWERS LTD	Open	853,000	-		
21	2012-011038	5151-001-031	12000	PROMENADE TOWERS LTD	Open	663,000	-		
22	2011-010600	5151-001-031	11000	PROMENADE TOWERS LTD	Open	663,000	-		
23	2013-007295	5151-001-032	13000	PROMENADE TOWERS LTD	Open	1,706,000	-		
24	2012-011038	5151-001-032	12000	PROMENADE TOWERS LTD	Open	1,160,000	-		
25	2011-010600	5151-001-032	11000	PROMENADE TOWERS LTD	Open	1,160,000	-		
26	2013-007295	5151-001-033	13000	PROMENADE TOWERS LTD	Open	38,394,000	-		
27	2012-011038	5151-001-033	12000	PROMENADE TOWERS LTD	Open	41,120,148	-		
28	2011-010600	5151-001-033	11000	PROMENADE TOWERS LTD	Open	40,308,250	-		
29	2013-007295	5151-001-034	13000	PROMENADE TOWERS LTD	Open	2,559,000	-		
30	2012-011038	5151-001-034	12000	PROMENADE TOWERS LTD	Open	1,657,000	-		
31	2011-010600	5151-001-034	11000	PROMENADE TOWERS LTD	Open	1,657,000	-		
32	2013-007295	5151-001-035	13000	PROMENADE TOWERS LTD	Open	853,000	-		
33	2012-011038	5151-001-035	12000	PROMENADE TOWERS LTD	Open	663,000	-		
34	2011-010600	5151-001-035	11000	PROMENADE TOWERS LTD	Open	663,000	-		
35	2013-007295	5151-001-036	13000	PROMENADE TOWERS LTD	Open	3,412,934	-		
36	2012-011038	5151-001-036	12000	PROMENADE TOWERS LTD	Open	3,075,083	-		
37	2011-010600	5151-001-036	11000	PROMENADE TOWERS LTD	Open	3,075,083	-		
38	2013-007295	5151-001-037	13000	PROMENADE TOWERS LTD	Open	22	-		
39	2012-011038	5151-001-037	12000	PROMENADE TOWERS LTD	Open	22	-		
40	2011-010600	5151-001-037	11000	PROMENADE TOWERS LTD	Open	22	-		
41	2013-007295	5151-001-038	13000	PROMENADE TOWERS LTD	Open	853,000	-		
42	2012-011038	5151-001-038	12000	PROMENADE TOWERS LTD	Open	663,000	-		
43	2011-010600	5151-001-038	11000	PROMENADE TOWERS LTD	Open	663,000	-		
44	2011-021367	5151-011-036	11000	NEW WORLD NEW AGE I LLC	Open	60,774,209	45,265,100		
45	2013-013150	5151-014-031	13000	TRIZEC 333 LA LLC	Open	466,751,222	350,063,416		
46	2012-022706	5151-014-031	12000	TRIZEC 333 LA LLC	Open	457,599,238	383,700,000		
47	2013-007132	5151-015-015	13000	GRAND PROMENADE	Open	61,270,000	-		
48	2012-010995	5151-015-015	12000	GRAND PROMENADE	Open	56,200,000	-		
49	2011-010622	5151-015-015	11000	GRAND PROMENADE	Open	60,289,025	-		
50	2013-004932	5151-018-017	13000	HINES VAF II 444 SOUTH FLOWER LP	Open	241,568,223	-		
51	2012-005060	5151-018-017	12000	HINES VAF II 444 SOUTH FLOWER LP	Open	236,831,593	-		
52	2011-004287	5151-018-017	11000	HINES VAF II 444 SOUTH FLOWER LP	Open	232,187,837	-		
53	2012-020510	5151-020-006	12000	KBSII 445 SOUTH FIGUEROA LLC	Open	212,160,000	149,985,000		

CRA/LA - A Designated Local Authority
Bunker Hill Project Area
Projection of Pending Assessment Appeals Impact
Table 7



					Dbase	Total Contested Value	Applicant Opinion of Value	Total Resolved Value	Variance
54	2013-009763	5151-027-097	13000	Peyman Tofer	Open	405,762	-		
55	2012-018415	5151-027-108	12000	Pilar L. Gonzalez	Open	423,500	300,000		
56	2011-008339	5151-027-246	11000	Charles H. Le	Open	240,000	172,300		
UNSECURED APPEALS:									
57	2012-016730	0040-795-486	12000	AMERICAN FUNDS DISTRIBUTORS INC	Open	553,502	276,751		
58	2012-016730	0040-793-423	12000	CAPITAL GROUP COMPANIES CAPITAL GROUP RESERACH INC	Open	8,818	4,409		
59	2012-016730	0040-795-702	12000	CAPITAL GROUP COMPANIES INC	Open	48,479,167	24,239,584		
60	2012-016730	0040-797-118	12000	CAPITAL GROUP COMPANIES INC AMERICAN FUNDS SERVICE CO	Open	52,999	26,500		
61	2012-016730	0040-795-842	12000	CAPITAL GROUP COMPANIES INC CAPITAL INTERNATIONAL INC	Open	49,133	24,567		
62	2013-011915	0040-791-501	13000	CAPITAL GROUP COMPANIES INC THE CAPITAL GROUP INC	Open	39,883,551	19,941,776		
63	2011-015986	0040-765-135	11000	CAPITAL GROUP COMPANIES,INC	Open	45,746,372	22,873,186		
64	2010-018688	0040-776-364	10000	CAPITAL GROUP COMPANIES,INC	Open	48,791,337	11,073,129		
65	2012-016730	0040-795-608	12000	CAPITAL GROUP INTERNATIONAL RESEARCH INC	Open	171,656	85,828		
66	2012-016730	0040-795-566	12000	CAPITAL GUARDIAN TRUST COMPANY	Open	877,559	438,780		
67	2013-011915	0040-753-561	13000	CAPITAL RESEARCH AND MANAGEMENT CO	Open	1,769,473	884,737		
68	2012-016730	0040-795-666	12000	CAPITAL RESEARCH AND MANAGEMENT CO	Open	2,077,318	1,038,659		
69	2012-016730	0040-795-528	12000	CAPITAL RESEARCH COMPANY	Open	838,213	419,107		
70	2012-016730	0040-795-665	12000	CAPITAL STRATEGY RESEARCH INC THE CAPITAL GROUP CORP	Open	12,285	6,143		
71	2013-001058	0040-608-286	13000	JOHN LEVY LIGHTING PRODUCTIONS, INC	Open	43,309	4,000		
72	2013-003755	0040-798-441	13000	MCCORMICK AND SCHMICK RESTAURANT CORP	Open	558,480	341,770		
73	2013-019054	0049-912-995	13000	NOT IDENTIFIED	Open	3,042	7,426		
74	2013-019060	0049-912-937	13000	NOT IDENTIFIED	Open	9,700	11,448		
75	2013-019055	0049-912-991	13000	NOT IDENTIFIED	Open	13,871	-		
76	2013-019044	0049-912-923	13000	NOT IDENTIFIED	Open	23,195	60,022		
77	2013-019057	0049-912-934	13000	NOT IDENTIFIED	Open	24,771	69,771		
78	2013-019062	0049-912-936	13000	NOT IDENTIFIED	Open	65,226	189,834		
79	2013-019059	0049-912-993	13000	NOT IDENTIFIED	Open	67,233	208,987		
80	2013-019058	0049-912-994	13000	NOT IDENTIFIED	Open	80,798	127,700		
81	2013-019053	0049-912-992	13000	NOT IDENTIFIED	Open	137,193	160,523		
82	2013-019052	0049-912-931	13000	NOT IDENTIFIED	Open	474,925	843,523		
83	2013-018788	0049-913-068	12000	NOT IDENTIFIED	Open	873,745	-		
84	2013-018788	0049-913-069	11000	NOT IDENTIFIED	Open	146,402	-		
85	2011-015340	0049-112-694	09000	NOT IDENTIFIED	Open	11,164	-		
86	2013-018788	0049-202-219	13000	RELIANCE STEEL AND ALUMINUM CO	Open	2,642,355	-		

Appendix Table 1

Historic Assessed Values

FY 2008-09 to FY 2014-15

All Project Areas

CRA/LA - DLA

CRA/ LA - A Designated Local Authority
All Project Areas
Historic Assessed Values
Appendix Table 1

Project Name	FY 2014-15 Secured	FY 2014-15 SBE	FY 2014-15 Unsecured	FY 2014-15 Total Value	Less Base Value	FY 2014-15 Incremental Value
188.03 Little Tokyo	542,968,364	1,123	10,481,656	553,451,143	30,724,175	522,726,968
188.04 Normandie 5	302,059,953	268,470	4,079,623	306,408,046	24,798,740	281,609,306
188.05 Beacon Street	216,639,457	-	2,263,166	218,902,623	5,868,830	213,033,793
188.07 Pico Union 1	203,974,532	-	7,085,500	211,060,032	34,284,727	176,775,305
188.08 Bunker Hill	3,350,894,662	-	319,530,835	3,670,425,497	22,595,206	3,647,830,291
188.09 Exposition/University Park (Hoover)	151,335,916	-	7,912,474	159,248,390	13,263,260	145,985,130
188.10 Watts	36,813,499	-	2,646,377	39,459,876	8,577,104	30,882,772
188.18 Monterey Hills	407,724,237	-	43,288	407,767,525	1,074,139	406,693,386
188.19 Los Angeles Harbor Industrial	170,237,127	-	27,947,683	198,184,810	10,133,484	188,051,326
188.20 Central Business District (TI Limit)	-	-	-	-	-	-
189.01 Pico Union 2	409,189,176	-	11,804,435	420,993,611	52,656,147	368,337,464
189.02 North Hollywood	2,235,551,645	2,000	80,468,581	2,316,022,226	158,245,658	2,157,776,568
189.03 Chinatown	965,289,884	-	32,415,539	997,705,423	104,913,793	892,791,630
189.04 Adams Normandie (TI Limit)	-	-	-	-	-	-
189.05 Rodeo/La Cienega (no indebtedness)	-	-	-	-	-	-
189.06 Exposition/University Park 84 Annex (Hoover)	746,550,155	-	22,132,114	768,682,269	77,980,954	690,701,315
189.07 Crenshaw	197,660,602	-	13,966,015	211,626,617	15,274,209	196,352,408
189.08 Hollywood	6,093,084,571	-	364,989,659	6,458,074,230	1,217,090,141	5,240,984,089
189.09 Exposition/University Park 90 Annex (Hoover)	5,432,260	-	5,000	5,437,260	1,038,598	4,398,662
189.10 Laurel Canyon CD2	493,706,470	-	19,052,346	512,758,816	220,803,932	291,954,884
189.11 East Hollywood/Beverly-Normandie	1,649,212,498	-	38,245,108	1,687,457,606	764,635,139	922,822,467
189.12 Broadway/Manchester RP	140,371,737	-	5,372,449	145,744,186	70,805,997	74,938,189
189.13/14 Crenshaw 1995 (1st Amendment)	194,140,230	-	9,730,981	203,871,211	86,582,995	117,288,216
189.16 Reseda/Canoga Park CD3	4,347,142,855	-	140,456,766	4,487,599,621	1,959,405,075	2,528,194,546
189.17 Pacoima/Panorama City CD7	4,484,516,115	940,460	488,459,006	4,973,915,581	2,352,188,393	2,621,727,188
189.18 Crenshaw/Slauson	271,060,725	-	6,695,067	277,755,792	123,784,849	153,970,943
189.19 Watts Corridor	131,381,977	-	2,823,141	134,205,118	45,892,182	88,312,936
189.20 Wilshire Center/Koreatown	5,408,681,229	-	207,913,286	5,616,594,515	2,503,781,122	3,112,813,393
190.01 Santa Monica Fwy CD9	3,199,477,974	-	253,431,140	3,452,909,114	1,648,259,960	1,804,649,154
190.02 Vermont/Manchester	168,701,635	-	19,718,583	188,420,218	79,540,352	108,879,866
190.03 Western/Slauson	363,364,964	38,768	17,530,451	380,934,183	184,897,919	196,036,264
190.04 Mid City	1,115,002,012	-	70,852,819	1,185,854,831	434,853,766	751,001,065
190.05 Westlake	1,546,083,099	-	41,851,086	1,587,934,185	699,428,016	888,506,169
190.06 Adelante Eastside	1,755,012,245	-	179,761,313	1,934,773,558	1,187,244,965	747,528,593
190.07 Pacific Corridor	881,946,642	-	27,589,553	909,536,195	473,316,494	436,219,701
190.08 City Center	922,827,997	-	19,716,436	942,544,433	182,025,700	760,518,733
190.10 Central Industrial	1,237,502,552	194,000	96,358,173	1,334,054,725	551,746,833	782,307,892
Totals	44,345,538,996	1,444,821	2,553,329,649	46,900,313,466	15,347,712,854	31,552,600,612

Values in Accts 188.09, 189.06 & 190.06 reduced by KMA's estimated Real Property exemptions attributable to certain parcels owned by the University of Southern California that were filed late and not reflected in the 2014-15 reported Secured Tax Roll.

CRA/ LA - A Designated Local Authority
All Project Areas
Historic Assessed Values
Appendix Table 1

Project Name	FY 2013-14 Secured	FY 2013-14 SBE	FY 2013-14 Unsecured	FY 2013-14 Total Value	Less Base Value	FY 2013-14 Incremental Value
188.03 Little Tokyo	480,489,225	1,183	10,555,888	491,046,296	30,724,175	460,322,121
188.04 Normandie 5	296,435,543	268,470	4,279,303	300,983,316	24,747,006	276,236,310
188.05 Beacon Street	217,660,446	-	2,896,296	220,556,742	5,868,830	214,687,912
188.07 Pico Union 1	194,024,429	-	6,235,548	200,259,977	34,284,727	165,975,250
188.08 Bunker Hill	3,258,692,372	-	337,398,831	3,596,091,203	22,595,206	3,573,495,997
188.09 Exposition/University Park (Hoover)	171,724,713	-	7,304,453	179,029,166	13,263,260	165,765,906
188.10 Watts	36,160,486	-	2,795,385	38,955,871	8,002,685	30,953,186
188.18 Monterey Hills	370,094,611	-	11,502	370,106,113	1,074,139	369,031,974
188.19 Los Angeles Harbor Industrial	168,181,931	-	27,463,864	195,645,795	10,133,484	185,512,311
188.20 Central Business District (TI Limit)	-	-	-	-	-	-
189.01 Pico Union 2	387,387,683	-	11,736,202	399,123,885	52,656,147	346,467,738
189.02 North Hollywood	2,130,286,750	2,000	60,950,799	2,191,239,549	158,245,658	2,032,993,891
189.03 Chinatown	872,169,147	-	31,909,476	904,078,623	104,913,793	799,164,830
189.04 Adams Normandie (TI Limit)	-	-	-	-	-	-
189.05 Rodeo/La Cienega (no indebtedness)	-	-	-	-	-	-
189.06 Exposition/University Park 84 Annex (Hoover)	740,322,581	-	18,915,958	759,238,539	77,980,954	681,257,585
189.07 Crenshaw	196,767,295	-	12,918,605	209,685,900	15,274,209	194,411,691
189.08 Hollywood	5,729,635,166	-	428,263,328	6,157,898,494	1,217,019,040	4,940,879,454
189.09 Exposition/University Park 90 Annex (Hoover)	5,407,712	-	5,000	5,412,712	1,038,598	4,374,114
189.10 Laurel Canyon CD2	471,759,799	-	19,213,550	490,973,349	220,803,932	270,169,417
189.11 East Hollywood/Beverly-Normandie	1,569,154,914	-	37,456,227	1,606,611,141	764,635,139	841,976,002
189.12 Broadway/Manchester RP	123,977,516	-	5,439,521	129,417,037	70,805,997	58,611,040
189.13/14 Crenshaw 1995 (1st Amendment)	200,740,977	-	10,481,689	211,222,666	86,951,424	124,271,242
189.16 Reseda/Canoga Park CD3	4,300,078,028	-	125,841,541	4,425,919,569	1,959,405,075	2,466,514,494
189.17 Pacoima/Panorama City CD7	4,342,912,427	940,460	445,823,600	4,789,676,487	2,352,188,393	2,437,488,094
189.18 Crenshaw/Slauson	276,970,996	-	6,933,564	283,904,560	123,950,968	159,953,592
189.19 Watts Corridor	113,081,126	-	2,513,189	115,594,315	45,892,182	69,702,133
189.20 Wilshire Center/Koreatown	5,036,632,843	-	191,363,364	5,227,996,207	2,504,018,845	2,723,977,362
190.01 Santa Monica Fwy CD9	3,103,567,091	-	246,297,498	3,349,864,589	1,648,477,559	1,701,387,030
190.02 Vermont/Manchester	165,768,630	-	18,806,108	184,574,738	79,540,352	105,034,386
190.03 Western/Slauson	350,929,963	38,768	19,470,784	370,439,515	184,897,919	185,541,596
190.04 Mid City	1,001,706,036	-	62,816,891	1,064,522,927	435,478,922	629,044,005
190.05 Westlake	1,516,332,878	-	40,347,638	1,556,680,516	699,428,016	857,252,500
190.06 Adelante Eastside	1,711,695,462	-	176,286,838	1,887,982,300	1,187,390,492	700,591,808
190.07 Pacific Corridor	843,001,053	-	20,232,286	863,233,339	473,316,494	389,916,845
190.08 City Center	903,786,903	-	18,644,270	922,431,173	182,025,700	740,405,473
190.10 Central Industrial	1,127,404,553	194,000	78,120,271	1,205,718,824	548,505,527	657,213,297
Totals	42,414,941,285	1,444,881	2,489,729,267	44,906,115,433	15,345,534,847	29,560,580,586

CRA/ LA - A Designated Local Authority
All Project Areas
Historic Assessed Values
Appendix Table 1

Project Name	FY 2012-13 Secured	FY 2012-13 SBE	FY 2012-13 Unsecured	FY 2012-13 Total Value	Less Base Value	FY 2012-13 Incremental Value
188.03 Little Tokyo	467,029,835	1,201	12,283,911	479,314,947	30,747,343	448,567,604
188.04 Normandie 5	280,616,609	268,470	4,585,740	285,470,819	24,747,006	260,723,813
188.05 Beacon Street	233,819,460	-	5,800,577	239,620,037	4,974,131	234,645,906
188.07 Pico Union 1	196,233,945	-	6,233,447	202,467,392	34,284,727	168,182,665
188.08 Bunker Hill	2,953,459,202	-	373,559,021	3,327,018,223	22,595,206	3,304,423,017
188.09 Exposition/University Park (Hoover)	140,103,540	-	7,315,130	147,418,670	13,263,260	134,155,410
188.10 Watts	33,107,874	-	2,747,804	35,855,678	8,002,685	27,852,993
188.18 Monterey Hills	359,187,515	-	24,010	359,211,525	1,074,740	358,136,785
188.19 Los Angeles Harbor Industrial	165,340,542	-	26,823,193	192,163,735	10,133,484	182,030,251
188.20 Central Business District (TI Limit)	-	-	-	-	-	-
189.01 Pico Union 2	372,566,817	-	11,371,746	383,938,563	52,656,147	331,282,416
189.02 North Hollywood	2,009,560,301	2,000	65,381,942	2,074,944,243	158,245,658	1,916,698,585
189.03 Chinatown	831,241,631	-	32,239,406	863,481,037	104,913,793	758,567,244
189.04 Adams Normandie (TI Limit)	-	-	-	-	-	-
189.05 Rodeo/La Cienega (no indebtedness)	-	-	-	-	-	-
189.06 Exposition/University Park 84 Annex (Hoover)	562,856,109	-	18,797,831	581,653,940	77,980,954	503,672,986
189.07 Crenshaw	192,033,015	-	10,338,950	202,371,965	15,274,209	187,097,756
189.08 Hollywood	5,531,656,357	-	383,156,665	5,914,813,022	1,217,019,040	4,697,793,982
189.09 Exposition/University Park 90 Annex (Hoover)	5,301,681	-	-	5,301,681	1,038,598	4,263,083
189.10 Laurel Canyon CD2	463,505,521	-	19,451,865	482,957,386	220,803,932	262,153,454
189.11 East Hollywood/Beverly-Normandie	1,546,457,440	-	37,659,204	1,584,116,644	764,635,139	819,481,505
189.12 Broadway/Manchester RP	126,970,050	-	5,587,832	132,557,882	70,805,997	61,751,885
189.13/.14 Crenshaw 1995 (1st Amendment)	197,514,231	-	11,629,092	209,143,323	86,951,424	122,191,899
189.16 Reseda/Canoga Park CD3	4,018,433,069	-	136,957,140	4,155,390,209	1,959,405,075	2,195,985,134
189.17 Pacoima/Panorama City CD7	4,153,858,905	940,460	431,030,287	4,585,829,652	2,351,368,052	2,234,461,600
189.18 Crenshaw/Slauson	249,180,062	-	7,891,131	257,071,193	123,950,968	133,120,225
189.19 Watts Corridor	110,916,812	-	3,284,790	114,201,602	45,892,182	68,309,420
189.20 Wilshire Center/Koreatown	4,833,459,128	-	196,427,334	5,029,886,462	2,505,089,477	2,524,796,985
190.01 Santa Monica Fwy CD9	2,953,340,074	-	197,666,902	3,151,006,976	1,647,494,531	1,503,512,445
190.02 Vermont/Manchester	164,453,560	-	19,862,651	184,316,211	79,024,470	105,291,741
190.03 Western/Slauson	341,493,349	38,768	18,929,379	360,461,496	184,897,919	175,563,577
190.04 Mid City	970,689,655	-	61,188,489	1,031,878,144	435,478,922	596,399,222
190.05 Westlake	1,365,194,635	-	45,352,760	1,410,547,395	699,529,369	711,018,026
190.06 Adelante Eastside	1,680,305,578	-	186,501,366	1,866,806,944	1,187,390,492	679,416,452
190.07 Pacific Corridor	837,023,743	-	19,833,909	856,857,652	473,316,494	383,541,158
190.08 City Center	866,296,610	-	17,937,736	884,234,346	182,025,700	702,208,646
190.10 Central Industrial	1,056,177,500	194,000	77,018,387	1,133,389,887	548,397,148	584,992,739
Totals	40,269,384,355	1,444,899	2,454,869,627	42,725,698,881	15,343,408,272	27,382,290,609

Source: Los Angeles County Auditor-Controller. Values shown above include the deduction of any Homeowner's Exemptions in the Current Year and Base Year values.
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Filename: CRALA_Top10_2014-15_Part1_TSH_2014-10-02:

CRA/ LA - A Designated Local Authority
All Project Areas
Historic Assessed Values
Appendix Table 1

Project Name	FY 2011-12 Secured	FY 2011-12 SBE	FY 2011-12 Unsecured	FY 2011-12 Total Value	Less Base Value	FY 2011-12 Incremental Value
188.03 Little Tokyo	450,711,197	1,191	16,304,394	467,016,782	29,596,759	437,420,023
188.04 Normandie 5	274,733,580	268,470	5,099,423	280,101,473	24,747,006	255,354,467
188.05 Beacon Street	210,241,224	-	6,678,000	216,919,224	4,974,131	211,945,093
188.07 Pico Union 1	179,416,831	-	6,274,608	185,691,439	34,284,727	151,406,712
188.08 Bunker Hill	2,928,257,428	-	372,348,933	3,300,606,361	22,595,206	3,278,011,155
188.09 Exposition/University Park (Hoover)	113,483,271	-	6,838,651	120,321,922	13,263,260	107,058,662
188.10 Watts	31,275,237	-	2,604,331	33,879,568	8,002,685	25,876,883
188.18 Monterey Hills	373,062,727	-	29,356	373,092,083	1,074,740	372,017,343
188.19 Los Angeles Harbor Industrial	162,493,547	-	23,524,285	186,017,832	10,133,484	175,884,348
188.20 Central Business District (TI Limit)	-	-	-	-	-	-
189.01 Pico Union 2	363,717,839	-	10,563,141	374,280,980	52,656,147	321,624,833
189.02 North Hollywood	1,980,209,150	2,000	61,639,030	2,041,850,180	158,583,653	1,883,266,527
189.03 Chinatown	781,722,216	-	30,629,840	812,352,056	107,536,980	704,815,076
189.04 Adams Normandie (TI Limit)	-	-	-	-	-	-
189.05 Rodeo/La Cienega (no indebtedness)	-	-	-	-	-	-
189.06 Exposition/University Park 84 Annex (Hoover)	571,294,977	-	15,205,947	586,500,924	77,951,388	508,549,536
189.07 Crenshaw	188,504,749	-	9,698,494	198,203,243	15,274,209	182,929,034
189.08 Hollywood	5,183,077,063	-	416,153,552	5,599,230,615	1,217,145,035	4,382,085,580
189.09 Exposition/University Park 90 Annex (Hoover)	5,197,729	-	66,691	5,264,420	1,038,598	4,225,822
189.10 Laurel Canyon CD2	455,216,046	-	18,155,417	473,371,463	220,825,185	252,546,278
189.11 East Hollywood/Beverly-Normandie	1,450,416,967	-	39,173,033	1,489,590,000	764,635,139	724,954,861
189.12 Broadway/Manchester RP	132,333,028	-	5,876,619	138,209,647	70,922,316	67,287,331
189.13/14 Crenshaw 1995 (1st Amendment)	207,672,299	-	10,612,001	218,284,300	87,869,424	130,414,876
189.16 Reseda/Canoga Park CD3	3,985,243,609	-	141,250,557	4,126,494,166	1,906,828,087	2,219,666,079
189.17 Pacoima/Panorama City CD7	4,307,112,036	940,460	430,286,642	4,738,339,138	2,351,408,180	2,386,930,958
189.18 Crenshaw/Slauson	244,790,105	14,921,905	9,994,554	269,706,564	123,950,968	145,755,596
189.19 Watts Corridor	120,866,469	-	3,814,925	124,681,394	45,892,182	78,789,212
189.20 Wilshire Center/Koreatown	4,709,376,929	-	207,411,545	4,916,788,474	2,505,213,369	2,411,575,105
190.01 Santa Monica Fwy CD9	2,913,173,692	-	196,269,503	3,109,443,195	1,651,271,125	1,458,172,070
190.02 Vermont/Manchester	156,601,450	-	24,049,767	180,651,217	79,024,470	101,626,747
190.03 Western/Slauson	335,640,404	38,768	18,953,550	354,632,722	184,897,919	169,734,803
190.04 Mid City	925,069,475	-	67,801,658	992,871,133	435,629,685	557,241,448
190.05 Westlake	1,310,086,219	-	42,894,483	1,352,980,702	701,186,053	651,794,649
190.06 Adelante Eastside	1,708,628,002	-	189,006,134	1,897,634,136	1,188,085,006	709,549,130
190.07 Pacific Corridor	824,227,843	-	26,170,748	850,398,591	473,565,092	376,833,499
190.08 City Center	848,902,140	-	18,362,195	867,264,335	182,025,700	685,238,635
190.10 Central Industrial	1,031,697,541	-	64,656,219	1,096,353,760	549,537,064	546,816,696
Totals	39,464,453,019	16,172,794	2,498,398,226	41,979,024,039	15,301,624,972	26,677,399,067

CRA/ LA - A Designated Local Authority
All Project Areas
Historic Assessed Values
Appendix Table 1

Project Name	FY 2010-11 Secured	FY 2010-11 SBE	FY 2010-11 Unsecured	FY 2010-11 Total Value	Less Base Value	FY 2010-11 Incremental Value
188.03 Little Tokyo	447,533,496	958	15,380,503	462,914,957	29,596,759	433,318,198
188.04 Normandie 5	281,987,166	268,470	5,241,397	287,497,033	24,798,740	262,698,293
188.05 Beacon Street	209,633,336	-	6,624,511	216,257,847	6,763,528	209,494,319
188.07 Pico Union 1	192,459,763	-	5,641,984	198,101,747	34,284,727	163,817,020
188.08 Bunker Hill	2,848,913,523	-	386,304,419	3,235,217,942	22,595,206	3,212,622,736
188.09 Exposition/University Park (Hoover)	75,611,772	-	7,304,829	82,916,601	13,263,260	69,653,341
188.10 Watts	31,285,069	-	2,424,379	33,709,448	8,002,685	25,706,763
188.18 Monterey Hills	372,156,409	-	20,147	372,176,556	1,074,740	371,101,816
188.19 Los Angeles Harbor Industrial	155,547,462	-	26,215,751	181,763,213	10,133,484	171,629,729
188.20 Central Business District (TI Limit)	-	-	-	-	-	-
189.01 Pico Union 2	368,092,073	-	11,507,044	379,599,117	52,656,147	326,942,970
189.02 North Hollywood	2,000,008,399	2,000	58,589,928	2,058,600,327	158,583,653	1,900,016,674
189.03 Chinatown	798,552,875	-	31,271,996	829,824,871	107,536,980	722,287,891
189.04 Adams Normandie (TI Limit)	-	-	-	-	-	-
189.05 Rodeo/La Cienega (no indebtedness)	-	-	-	-	-	-
189.06 Exposition/University Park 84 Annex (Hoover)	543,295,194	-	15,769,254	559,064,448	78,082,402	480,982,046
189.07 Crenshaw	187,713,161	-	11,820,149	199,533,310	15,274,209	184,259,101
189.08 Hollywood	5,248,982,392	-	426,550,381	5,675,532,773	1,217,145,035	4,458,387,738
189.09 Exposition/University Park 90 Annex (Hoover)	5,158,886	-	392,969	5,551,855	1,038,598	4,513,257
189.10 Laurel Canyon CD2	484,257,690	-	24,080,990	508,338,680	221,533,177	286,805,503
189.11 East Hollywood/Beverly-Normandie	1,722,865,309	-	35,266,617	1,758,131,926	764,635,139	993,496,787
189.12 Broadway/Manchester RP	123,686,031	-	6,841,412	130,527,443	75,749,033	54,778,410
189.13/.14 Crenshaw 1995 (1st Amendment)	205,949,458	-	11,353,498	217,302,956	90,217,068	127,085,888
189.16 Reseda/Canoga Park CD3	3,989,821,291	-	164,738,797	4,154,560,088	1,906,828,087	2,247,732,001
189.17 Pacoima/Panorama City CD7	4,159,934,962	940,460	445,191,593	4,606,067,015	2,351,491,840	2,254,575,175
189.18 Crenshaw/Slauson	263,898,169	-	8,118,193	272,016,362	123,950,968	148,065,394
189.19 Watts Corridor	133,915,865	-	2,581,000	136,496,865	45,892,182	90,604,683
189.20 Wilshire Center/Koreatown	4,708,825,949	-	222,265,545	4,931,091,494	2,504,235,197	2,426,856,297
190.01 Santa Monica Fwy CD9	2,948,641,219	-	204,739,102	3,153,380,321	1,654,252,183	1,499,128,138
190.02 Vermont/Manchester	179,260,201	-	24,430,233	203,690,434	79,065,605	124,624,829
190.03 Western/Slauson	338,670,298	38,768	19,935,295	358,644,361	184,897,919	173,746,442
190.04 Mid City	907,527,019	-	48,304,839	955,831,858	436,238,904	519,592,954
190.05 Westlake	1,348,045,033	-	40,417,510	1,388,462,543	701,186,053	687,276,490
190.06 Adelante Eastside	1,865,021,801	-	200,789,267	2,065,811,068	1,190,749,444	875,061,624
190.07 Pacific Corridor	817,721,856	-	36,123,234	853,845,090	473,565,092	380,279,998
190.08 City Center	877,790,494	-	15,712,801	893,503,295	182,025,700	711,477,595
190.10 Central Industrial	1,031,733,992	7,217,212	69,755,560	1,108,706,764	549,537,064	559,169,700
Totals	39,874,497,613	8,467,868	2,591,705,127	42,474,670,608	15,316,880,808	27,157,789,800

Source: Los Angeles County Auditor-Controller. Values shown above include the deduction of any Homeowner's Exemptions in the Current Year and Base Year values.
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CRA/ LA - A Designated Local Authority
All Project Areas
Historic Assessed Values
Appendix Table 1

Project Name	FY 2009-10 Secured	FY 2009-10 SBE	FY 2009-10 Unsecured	FY 2009-10 Total Value	Less Base Value	FY 2009-10 Incremental Value
188.03 Little Tokyo	472,368,763	853	15,071,704	487,441,320	29,596,759	457,844,561
188.04 Normandie 5	294,335,623	288,507	4,974,582	299,598,712	24,798,740	274,799,972
188.05 Beacon Street	207,449,991	-	9,734,464	217,184,455	6,763,528	210,420,927
188.07 Pico Union 1	199,685,965	-	5,275,376	204,961,341	34,404,989	170,556,352
188.08 Bunker Hill	3,077,947,584	-	408,255,842	3,486,203,426	22,595,206	3,463,608,220
188.09 Exposition/University Park (Hoover)	81,226,653	-	8,245,208	89,471,861	13,263,260	76,208,601
188.10 Watts	35,568,928	-	2,752,273	38,321,201	8,002,685	30,318,516
188.18 Monterey Hills	392,446,128	-	14,053	392,460,181	1,074,740	391,385,441
188.19 Los Angeles Harbor Industrial	154,318,522	-	28,932,250	183,250,772	10,133,484	173,117,288
188.20 Central Business District (TI Limit)	-	-	-	-	-	-
189.01 Pico Union 2	388,610,761	-	10,621,351	399,232,112	52,656,147	346,575,965
189.02 North Hollywood	1,963,534,837	2,000	57,592,010	2,021,128,847	158,583,653	1,862,545,194
189.03 Chinatown	777,688,294	-	43,028,117	820,716,411	107,536,980	713,179,431
189.04 Adams Normandie (TI Limit)	-	-	-	-	-	-
189.05 Rodeo/La Cienega (no indebtedness)	-	-	-	-	-	-
189.06 Exposition/University Park 84 Annex (Hoover)	439,612,915	-	16,703,336	456,316,251	78,083,021	378,233,230
189.07 Crenshaw	200,195,139	-	12,460,359	212,655,498	15,274,209	197,381,289
189.08 Hollywood	5,195,900,376	-	418,719,456	5,614,619,832	1,211,715,334	4,402,904,498
189.09 Exposition/University Park 90 Annex (Hoover)	5,171,143	-	-	5,171,143	1,038,598	4,132,545
189.10 Laurel Canyon CD2	482,285,393	-	20,536,558	502,821,951	221,599,704	281,222,247
189.11 East Hollywood/Beverly-Normandie	1,466,871,141	-	34,538,016	1,501,409,157	764,635,139	736,774,018
189.12 Broadway/Manchester RP	138,290,770	-	12,913,470	151,204,240	76,501,603	74,702,637
189.13/.14 Crenshaw 1995 (1st Amendment)	215,698,262	-	11,131,387	226,829,649	90,874,336	135,955,313
189.16 Reseda/Canoga Park CD3	4,168,920,890	-	170,770,981	4,339,691,871	1,910,570,280	2,429,121,591
189.17 Pacoima/Panorama City CD7	4,080,275,130	940,460	458,175,648	4,539,391,238	2,351,782,529	2,187,608,709
189.18 Crenshaw/Slauson	258,294,887	-	9,622,330	267,917,217	123,950,968	143,966,249
189.19 Watts Corridor	133,259,642	-	2,496,523	135,756,165	45,892,182	89,863,983
189.20 Wilshire Center/Koreatown	4,792,898,151	-	278,596,958	5,071,495,109	2,506,393,560	2,565,101,549
190.01 Santa Monica Fwy CD9	2,969,846,577	-	241,591,925	3,211,438,502	1,661,890,850	1,549,547,652
190.02 Vermont/Manchester	171,928,996	-	16,011,311	187,940,307	79,065,605	108,874,702
190.03 Western/Slauson	338,250,778	16,117	32,502,323	370,769,218	184,897,919	185,871,299
190.04 Mid City	903,084,383	-	48,573,410	951,657,793	436,238,904	515,418,889
190.05 Westlake	1,438,298,516	-	41,489,895	1,479,788,411	701,186,053	778,602,358
190.06 Adelante Eastside	1,779,726,054	-	271,905,652	2,051,631,706	1,190,576,937	861,054,769
190.07 Pacific Corridor	839,925,369	-	38,302,477	878,227,846	473,565,092	404,662,754
190.08 City Center	849,520,596	-	209,824,311	1,059,344,907	182,025,700	877,319,207
190.10 Central Industrial	1,037,821,103	7,217,212	81,097,201	1,126,135,516	549,719,964	576,415,552
Totals	39,951,258,260	8,465,149	3,022,460,757	42,982,184,166	15,326,888,658	27,655,295,508

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CRA/ LA - A Designated Local Authority
All Project Areas
Historic Assessed Values
Appendix Table 1

Project Name	FY 2008-09 Secured	FY 2008-09 SBE	FY 2008-09 Unsecured	FY 2008-09 Total Value	Less Base Value	FY 2008-09 Incremental Value
188.03 Little Tokyo	468,347,988	881	14,439,195	482,788,064	29,596,759	453,191,305
188.04 Normandie 5	281,850,987	182,107	5,407,667	287,440,761	24,798,740	262,642,021
188.05 Beacon Street	159,532,793	-	9,241,426	168,774,219	6,763,528	162,010,691
188.07 Pico Union 1	207,538,227	-	4,420,956	211,959,183	34,404,989	177,554,194
188.08 Bunker Hill	3,035,276,710	-	356,472,498	3,391,749,208	22,605,101	3,369,144,107
188.09 Exposition/University Park (Hoover)	116,700,521	-	7,059,023	123,759,544	13,263,260	110,496,284
188.10 Watts	32,854,927	-	2,689,618	35,544,545	8,002,685	27,541,860
188.18 Monterey Hills	401,001,467	-	11,287	401,012,754	1,074,740	399,938,014
188.19 Los Angeles Harbor Industrial	151,393,786	-	28,295,070	179,688,856	9,892,929	169,795,927
188.20 Central Business District (TI Limit)	-	-	-	-	-	-
189.01 Pico Union 2	390,026,975	-	10,900,529	400,927,504	50,823,800	350,103,704
189.02 North Hollywood	1,854,651,518	2,000	61,967,389	1,916,620,907	158,717,890	1,757,903,017
189.03 Chinatown	753,467,290	-	41,126,739	794,594,029	107,536,980	687,057,049
189.04 Adams Normandie (TI Limit)	-	-	-	-	-	-
189.05 Rodeo/La Cienega (no indebtedness)	-	-	-	-	-	-
189.06 Exposition/University Park 84 Annex (Hoover)	386,104,059	-	19,800,817	405,904,876	78,083,021	327,821,855
189.07 Crenshaw	195,232,533	-	13,355,931	208,588,464	15,274,209	193,314,255
189.08 Hollywood	4,726,072,593	-	386,988,115	5,113,060,708	1,218,495,729	3,894,564,979
189.09 Exposition/University Park 90 Annex (Hoover)	5,069,751	-	-	5,069,751	1,038,598	4,031,153
189.10 Laurel Canyon CD2	469,887,398	-	19,934,255	489,821,653	221,599,704	268,221,949
189.11 East Hollywood/Beverly-Normandie	1,962,083,495	-	30,153,203	1,992,236,698	764,635,139	1,227,601,559
189.12 Broadway/Manchester RP	139,640,554	-	11,746,026	151,386,580	76,501,603	74,884,977
189.13/14 Crenshaw 1995 (1st Amendment)	182,347,475	-	11,352,621	193,700,096	90,874,336	102,825,760
189.16 Reseda/Canoga Park CD3	4,471,639,984	-	180,546,122	4,652,186,106	1,910,570,281	2,741,615,825
189.17 Pacoima/Panorama City CD7	4,250,139,039	940,460	388,061,763	4,639,141,262	2,348,785,384	2,290,355,878
189.18 Crenshaw/Slauson	254,233,731	11,149	8,936,970	263,181,850	123,950,968	139,230,882
189.19 Watts Corridor	133,850,839	-	2,498,316	136,349,155	45,921,335	90,427,820
189.20 Wilshire Center/Koreatown	4,609,624,687	-	290,085,795	4,899,710,482	2,489,900,951	2,409,809,531
190.01 Santa Monica Fwy CD9	2,890,009,599	-	232,642,080	3,122,651,679	1,671,050,454	1,451,601,225
190.02 Vermont/Manchester	160,417,152	-	15,543,031	175,960,183	79,106,006	96,854,177
190.03 Western/Slauson	338,301,303	16,117	28,947,481	367,264,901	185,342,559	181,922,342
190.04 Mid City	892,890,994	-	66,918,279	959,809,273	437,320,799	522,488,474
190.05 Westlake	1,413,141,824	-	41,342,768	1,454,484,592	713,135,477	741,349,115
190.06 Adelante Eastside	1,961,199,087	-	282,456,581	2,243,655,668	1,191,201,398	1,052,454,270
190.07 Pacific Corridor	824,807,762	-	39,016,186	863,823,948	471,995,182	391,828,766
190.08 City Center	5,208,151,116	-	138,082,180	5,346,233,296	2,140,405,336	3,205,827,960
190.10 Central Industrial	1,052,362,152	7,533,030	89,946,913	1,149,842,095	582,881,424	566,960,671
Totals	44,379,850,316	8,685,744	2,840,386,830	47,228,922,890	17,325,551,294	29,903,371,596

Appendix Table 2

Ten Largest Taxpayers

FY 2014-15

All Project Areas

CRA/LA - DLA

CRA/ LA - A Designated Local Authority
All Project Areas
Top Ten Taxable Property Owners for FY 2014-15
Appendix Table 2



Secured					
	Value	% of Total Value	% of Incremental Value	Use Code	Project Areas
1 Westfield Topanga Owners LP	\$493,199,619	1.05%	1.56%	Commercial-Retail (Shopping Center)	Reseda/Canoga Park
2 Trizec 333 LA LLC	\$468,870,272	1.00%	1.49%	Commercial-Office (BoFA)	Bunker Hill
3 350 S Grand Ave Holdings	\$440,993,060	0.94%	1.40%	Commercial-Office (Two Cal Plaza)	Bunker Hill
4 Palmer Boston Street Properties I, II and III and Palmer Flower Street Properties I and II	\$409,688,858	0.87%	1.30%	Residential-Multi-family	Chinatown & Santa Monica Fwy CD9
5 Maguire Partners 355 S Grand LLC	\$342,395,308	0.73%	1.09%	Commercial-Office (Wells Fargo)	Bunker Hill
6 CIM Group Inc.	\$340,924,763	0.73%	1.08%	Mixed Use Commercial, Hotel, Retail, Possessory Interest & Cinema	Hollywood, Mid City & Reseda/Canoga Park CD3
7 Maguire Properties One Cal Plaza LLC	\$324,807,960	0.69%	1.03%	Commercial-Office (One Cal Plaza)	Bunker Hill
8 Maguire Properties 355 S Grand LLC	\$264,889,667	0.56%	0.84%	Commercial-Office (KPMG, Garage)	Bunker Hill
9 Hines VAF II 444 South Flower LP	\$242,664,941	0.52%	0.77%	Commercial-Office (Citigroup Ctr)	Bunker Hill
10 SPUS6 400 South Hope LP	\$236,021,695	0.50%	0.75%	Commercial-Office (400 Hope)	Bunker Hill
Top Ten Property Owner Totals	\$3,564,456,143				
Project Area Totals (Secured & Unsecured):	46,900,313,466	7.59%			
Project Area Incremental Value (Secured & Unsecured):	31,552,600,612		11.30%		

Excludes the Project Area values that do not receive tax revenues: Central Business District, Adams-Normandie and Rodeo/La Cienega
Prepared by Keyser Marston Associates, Inc.
Filename: CRLA_Top10_2014-15_Part1_TSH_2014-10-02: Appendix 2: 10/2/2014: GSH

APPENDIX C

AUDITED FINANCIAL STATEMENTS

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CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency
of the City of Los Angeles, California)

Financial Statements

For the Fiscal Year Ended June 30, 2013



CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency
of the City of Los Angeles, California)

Financial Statements
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position.....	8
Notes to Financial Statements:	
Note 1 – Summary of Significant Accounting Policies.....	9
Note 2 – Detailed Notes on All Funds	15
Note 3 – Other Information	27
Required Supplementary Information:	
Schedule of Funding Progress – Employees' Pension Plan and Other Postemployment Benefits.....	42
Other Supplementary Information:	
Schedule of Third-Party Indebtedness	43

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

*Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California*

Report on the Financial Statements

We have audited the accompanying financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the CRA/LA-DLA'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 an opinion 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. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 assessment, the auditor considers internal control relevant to the CRA/LA-DLA'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 CRA/LA-DLA'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CRA/LA-DLA as of June 30, 2013, and changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

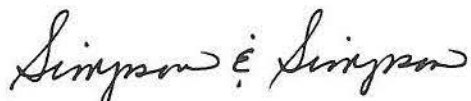
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress - employees' pension plan and other postemployment benefits, as listed in the table of contents be presented to supplement the basic financial 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 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 an opinion on the CRA/LA-DLA's financial statements. As identified in the accompanying table of contents, the other supplementary information including the schedule of third-party indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of third-party indebtedness is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated May 16, 2014, on our consideration of the CRA/LA-DLA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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 the 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 the CRA/LA-DLA's internal control over financial reporting and compliance.



Los Angeles, California
May 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2013

As management of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles (Former Agency), we offer readers of the CRA/LA-DLA's financial statements this narrative overview and analysis of the financial activities of CRA/LA-DLA for the year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

On June 29, 2011, Assembly Bill 1X26 was enacted, which dissolved all California's redevelopment agencies and authorized establishment of successor agencies, other designated local authorities and oversight boards to satisfy enforceable obligations and wind down the affairs of the former redevelopment agencies. Legal challenges were raised and the constitutionality of AB 1X26 was subsequently upheld on December 29, 2011 by the California Supreme Court. As a result, all redevelopment agencies were dissolved and ceased to operate as legal entities effective February 1, 2012. Pursuant to State Law, and following a decision by the City of Los Angeles (City) to not become the Successor Agency to the Former Agency, the Governor appointed three residents of the County of Los Angeles (County) to serve as the governing board of a Designated Local Authority (CRA/LA-DLA), as confirmed by Resolution No. 001 adopted on February 3, 2012. The matter is disclosed in more detail in note 1-A on page 9.

Pursuant to AB 1X26, CRA/LA-DLA is required to prepare a Recognized Obligation Payment Schedule (ROPS) for each six month period of each fiscal year. CRA/LA-DLA is further required to submit its ROPS to its Governing and Oversight Boards for review and approval. Following approval by the Oversight Board, the CRA/LA-DLA is to submit the approved ROPS to the Department of Finance (DOF), State Controller and County Auditor-Controller. Following DOF approval, the Successor Agency may pay only those scheduled amounts listed on the approved ROPS.

The accompanying financial statements presents the financial position and changes in the financial position as of and for the year ended June 30, 2013, the first full year of fiscal activities.

- The CRA/LA-DLA's total liabilities exceeded its assets at the close of the year ended June 30, 2013 by \$261,476,000. The negative financial position is mainly due to outstanding long-term debt which will be eliminated by debt service funded by the Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.
- The CRA/LA-DLA's bonded debt and long-term notes payable at June 30, 2013, net of unamortized premiums/discounts and deferred amounts from refunding, totaled \$683,473,000. (page 20)
- The CRA/LA-DLA's extraordinary items resulting from Redevelopment Agency Dissolution as reported in the Statement of Changes in Fiduciary Net Position at June 30, 2013 resulted in a loss of \$76,977,000. (page 8)

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the CRA/LA-DLA's financial statements. The CRA/LA-DLA's financial statements consist of two components: 1) financial statements; and, 2) notes to financial statements. The report also contains required and other supplementary information in addition to the financial statements.

Financial statements. There are two financial statements presented by CRA/LA-DLA. The financial statements can be found on pages 7 and 8 of this report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2013

The *statement of fiduciary net position* provides a snapshot of the account balances at year end and the net position of CRA/LA-DLA to pay enforceable obligations.

The *statement of changes in fiduciary net position* presents information showing the additions to and the deductions from the CRA/LA-DLA's net position during the year ended June 30, 2013. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, additions and deductions are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to financial statements. The notes provide additional information and are essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 9 through 41 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents required supplementary information concerning the funding progress of the employees' pension plan and other postemployment benefits of CRA/LA-DLA on page 42 of this report.

FINANCIAL STATEMENT ANALYSIS

Net position. As of the close of the year ended June 30, 2013, CRA/LA-DLA's liabilities exceeded its assets by \$261,476,000. The negative net position is primarily caused by the outstanding long-term liabilities of \$689,562,000. This is due to the nature of how redevelopment activities were financed. The Former Agency issued tax allocation bonds or incurred other long-term debt to finance a substantial portion of its activities which included public infrastructure, affordable housing, public parking, commercial and retail projects, and community development activities. While the public infrastructure and land were transferred to the City or to developers, the associated debt remains with CRA/LA-DLA. Acknowledged by the Department of Finance as enforceable obligations, the long-term liabilities will be eliminated with the allocation of future revenues from the Successor Agency's Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.

The following table summarizes the CRA/LA-DLA's net position (dollars in thousands):

CRA/LA-DLA's Fiduciary Net Position

Assets	
Current and other assets	\$ 333,426
Restricted assets	121,672
Land held for redevelopment	117,989
Capital assets, net of accumulated depreciation and amortization	<u>81,686</u>
Total assets	<u>654,773</u>
Liabilities	
Current and other liabilities	226,687
Long-term liabilities, net of unamortized premium, discount and refunding on refunding	<u>689,562</u>
Total liabilities	<u>916,249</u>
Total Net position	<u>\$(261,476)</u>

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2013

The following table provides a summary of the CRA/LA-DLA's additions and deductions (dollars in thousands):

CRA/LA-DLA's Changes in Fiduciary Net Position

Additions:	
Redevelopment property tax revenues	\$ 59,574
Parking receipts	5,078
Rental income	3,729
Gain on sale of land	1,155
Interest income	3,252
Other	<u>3,768</u>
Total additions	<u>76,556</u>
Deductions:	
Program delivery expense	80,949
Administrative expense	15,460
Litigation, claims, and settlements	368
Interest expense	39,805
Distribution to taxing entities	111,325
Depreciation and amortization	<u>2,831</u>
Total deductions	<u>250,738</u>
Extraordinary items resulting from Redevelopment Agency Dissolution	<u>(76,977)</u>
Change in net assets	(251,159)
Beginning net position	<u>(10,317)</u>
Ending net position (deficit)	<u><u>\$ (261,476)</u></u>

CAPITAL ASSETS

The CRA/LA-DLA's capital assets net of accumulated depreciation and amortization as of June 30, 2013 totaled \$81,686,000. The CRA/LA-DLA's capital assets include land, building and improvements, equipment, leasehold improvements, and a multi-level public parking facility. This 1,725-car public parking facility, located in the Hollywood Redevelopment Project area, was financed by the issuance of \$44,235,000 of parking revenue bonds and was opened for business in March 2002.

Additional information on the CRA/LA-DLA's capital assets can be found in note 2-C on page 18 of this report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2013

DEBT ADMINISTRATION

At June 30, 2013, the CRA/LA-DLA's long-term debt of \$683,473,000, net of unamortized bond premium/discount and deferred amounts on refunding is summarized as follows (dollars in thousands):

CRA/LA-DLA's Long-Term Debt

Bonds payable	\$ 654,076
Notes payable	22,862
Payable to the City	<u>6,535</u>
Total	<u>\$ 683,473</u>

As of June 30, 2013, CRA/LA-DLA had 66 tax allocation bonds and one parking revenue bond outstanding, totaling \$654,076,000, net of unamortized bond premiums, discounts, and related items of \$16,000. Of the 67 bond issues, 48 are insured. This equates to 86.40 percent of the original principal amount of bonds having been issued with insurance. Investors in insured CRA/LA-DLA bonds are encouraged to contact their respective investment advisor to obtain the latest rating(s) on their insured bonds. The remaining bonds are uninsured and have investment grade ratings.

Additional information on the CRA/LA-DLA's long-term liabilities can be found in note 2-F, 2-G, and 2-H on pages 20 through 26 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the CRA/LA-DLA's finances for all those with an interest in such information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Executive Officer, CRA/LA, A Designated Local Authority, 448 S. Hill Street, Suite 1200, Los Angeles, California 90013.

CRA/LA-DLA's website can be found at www.crala.org.

FINANCIAL STATEMENTS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Statement of Fiduciary Net Position

June 30, 2013
(In Thousands)

ASSETS

Cash and cash equivalents	\$ 266,655
Unrestricted investments	26,969
Receivables:	
Grants	940
Accrued interest	7
Other, net of uncollectibles of \$196	2,123
Loans receivable, net of allowance for market value write-downs and uncollectibles of \$84,355	14,323
Restricted assets	121,672
Unamortized bond issuance costs	14,998
Deposits for land acquisition	2,200
Land held for redevelopment	117,989
Capital assets, net of accumulated depreciation and amortization of \$39,138:	
Land	53,368
Building and improvements	22,229
Equipment and leasehold improvements	6,089
Other assets	<u>5,211</u>
Total assets	<u>654,773</u>

LIABILITIES

Accounts payable and accrued liabilities	79,006
Interest payable	16,487
Deferred revenue	73,920
Deposits and other liabilities	57,274
Noncurrent liabilities:	
Due within one year	28,947
Due in more than one year	<u>660,615</u>
Total liabilities	<u>916,249</u>

NET POSITION

TOTAL	<u><u>\$ (261,476)</u></u>
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See accompanying notes to financial statements.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2013
(In Thousands)

ADDITIONS

Redevelopment property tax revenues	\$ 59,574
Parking receipts	5,078
Rental income	3,729
Gain on sale of land	1,155
Interest income	3,252
Other	<u>3,768</u>
Total additions	<u>76,556</u>

DEDUCTIONS

Program delivery expense	80,949
Administrative expense	15,460
Litigation, claims, and settlements	368
Interest expense	39,805
Distribution to taxing entities	111,325
Depreciation and amortization	<u>2,831</u>

Total deductions	<u>250,738</u>
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Extraordinary items resulting from Redevelopment Agency Dissolution	<u>(76,977)</u>
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Change in net position	<u>(251,159)</u>
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NET POSITION

Beginning net position	<u>(10,317)</u>
Ending net position	<u><u>\$ (261,476)</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA) for the fiscal year ended June 30, 2013 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The significant accounting principles and policies utilized by the CRA/LA-DLA are described below.

A. Reporting Entity

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (AB 1X26) that provides for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in AB 1X26 (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 legal entities as of February 1, 2012.

AB 1X26 provides that upon dissolution of a redevelopment agency, either the city or another unit of local government may agree to serve as the Successor Agency to hold the former agency's assets until they are monetized and/or distributed to other units of state and local government. On January 11, 2012, the City of Los Angeles (City) elected not to become the Successor Agency to The Community Redevelopment Agency of the City of Los Angeles (Former Agency), as part of City Council File 12-0049. Subsequently, and as authorized by State Law, Governor Brown appointed three County residents to serve as the governing board of a Designated Local Authority (CRA/LA-DLA), as confirmed by Resolution No. 001 adopted on February 3, 2012. On February 1, 2012, net assets of the Former Agency in the amount of \$97,391,000 were transferred to the newly formed CRA/LA-DLA.

AB 1X26 requires the Successor Agency to expeditiously wind down the affairs of the former agency with authority limited to the extent required to implement an orderly wind down of former agency activities. In this regard, CRA/LA-DLA is required to prepare a Recognized Obligation Payment Schedule (ROPS) for each six month period of each fiscal year. CRA/LA-DLA is further required to submit its ROPS to its Governing and Oversight Boards for review and approval. Following approval by the Oversight Board, CRA/LA-DLA is to submit the approved ROPS to the Department of Finance (DOF), State Controller and County Auditor-Controller (County AC). Following DOF approval, only those scheduled amounts listed on the approved ROPS may be paid.

CRFA, Blended Component Unit

On June 5, 1992, and based on a joint powers agreement, the Former Agency and the Former Agency's Industrial Development Authority created the Community Redevelopment Financing Authority (CRFA) for the purpose of issuing one or more pooled bond issues and other financings. By issuing bonds on a pooled basis, issuance costs can be reduced significantly, making previously uneconomic bond financings and refinancings feasible.

The CRFA is an entity legally separate from CRA/LA-DLA but is governed by a board comprised of the same members and officers as that of CRA/LA-DLA. For financial reporting purposes, the CRFA is blended into the CRA/LA-DLA's basic financial statements as if it were part of the CRA/LA-DLA's operations because its purpose was to provide bond financing services for the Former Agency.

B. Basis of Accounting and Financial Statement Presentation

The CRA/LA-DLA's accounts are organized in a private-purpose trust fund, which is used to account for the assets, deferred outflows of resources, liabilities, deferred inflows of resources, additions and deductions for payments of enforceable obligations of the CRA/LA-DLA until all such obligations are paid in full and assets have been liquidated.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar non-exchange transactions are recognized as revenues as soon as all eligibility requirements are met.

C. Cash and Investments

Cash includes deposits maintained with various banks within redevelopment project areas or banks that benefit redevelopment activities while cash equivalents represent investments with original maturities of 90 days or less.

Money market investments that have a remaining maturity of one year or less at the time of purchase, including those shown as restricted assets (note 1-E) are carried at amortized cost, provided that the fair value is not significantly affected by the impairment of the credit standing of the issuer or other factors. Other investments are reported at fair value.

D. Loans Receivable

To facilitate the redevelopment process, the Former Agency made loans to developers at below-market interest rates primarily for the rehabilitation and development of low and moderate-income housing and the development of commercial properties. Since these loans were generated to assist various redevelopment project areas, repayment terms are structured to meet requirements established by the Former Agency and the specific project area. Repayment terms on these loans can be classified in the following categories:

Amortizing loans – loans requiring monthly payments designed to payoff both the principal and interest over a specified period, usually 15-20 years. Included in this category are partially amortizing loans and interest only payment loans requiring balloon payments at maturity date.

Deferred loans – loans requiring repayments only on the earlier of loan due date or when the mortgaged properties are sold or refinanced.

Residual receipts loans – loans requiring repayments only when the project or mortgaged properties have positive cash flows as pursuant to a formula set forth in a specific loan agreement.

In the financial statements, loans receivable are reported net of allowance for market value write-downs and uncollectibles.

E. Restricted Assets

Restricted assets consist primarily of investments maintained by the bond fiscal agents and trustees, under provisions of the bond indentures/trust agreements/fiscal agent agreements/loan agreements, which are considered as pledged collateral for payment of principal and interest on the associated tax allocation and parking revenue bond obligations.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Land Held for Redevelopment

As part of its redevelopment activities, the Former Agency acquired land for eventual disposition to developers of housing or commercial projects, often based on the reuse value of the land. These properties will be held until the DOF approves a Long Range Property Management Plan.

In the financial statements, land acquired and subsequently conveyed for redevelopment activities is reported as an asset or reduction from assets.

G. Capital Assets

Assets purchased or acquired with original costs of \$150 or more and estimated useful life of more than one year are capitalized at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of capital assets other than land is provided using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Building and improvements	30 to 40
Vehicles	5
Office equipment	5
Computer software	5
Computer hardware	3

H. Compensated Absences

CRA/LA-DLA employees accumulate vacation pay in varying amounts as services are provided. All outstanding vacation time is payable upon termination of employment. CRA/LA-DLA employees also accumulate sick leave hours with full pay at the rate of 96 hours per fiscal year to a maximum of 800 hours. CRA/LA-DLA pays employees for sick leave as it is used and is not obligated to pay sick leave upon termination of employment. However, CRA/LA-DLA pays 50 percent of the accumulated sick leave in excess of 800 hours as of the end of any fiscal year to active employees and 50 percent of the available sick leave to employees upon retirement.

I. Pollution Remediation

Brownfields (abandoned, under-utilized, and/or blighted properties likely impacted by environmental contamination) exist throughout redevelopment project areas in the City. The Former Agency acquired various brownfields sites which it planned to transform into usable properties that contribute to the economic and/or cultural foundation of the project areas.

Under the provisions of GASB Statement No. 49, CRA/LA-DLA will capitalize the cleanup costs of those brownfields sites it owns and has a legal obligation to cleanup based on a contract, court order, or regulatory order net of any cost recovery. Those cleanup costs will be capitalized when they are incurred rather than recorded as expenses and related liabilities potentially in earlier periods. Only those outlays that are expected to exceed the capitalization limit would be accrued as a liability. For those brownfield sites where legal title has been transferred yet legal obligation to cleanup remains with CRA/LA-DLA, the remediation liability will be estimated based on outside consultants and existing remediation contracts.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Long-term Obligations

Long-term debt and other long-term obligations are reported as non-current liabilities in the financial statements. Bond premiums and/or discounts and deferred amounts on refundings are deferred and amortized over the life of the bonds as interest expense. Bonds payable are reported net of the applicable unamortized bond premium or discount and deferred amounts on refundings. Bond issuance costs are amortized over the term of the related debt.

K. Deferred Revenue

Deferred revenue arises when resources are received before the use of the resources is required or first permitted by timing requirements. Deferred revenue also represents resources that have been received, but not yet earned.

L. Construction Disbursements Payable

CRA/LA-DLA uses a Construction Disbursements Payable (CDP) account to handle “escrow like” functions previously performed by private escrow companies. The CDP account enhances control over construction disbursements and allows CRA/LA-DLA to benefit from interest earnings for monies held in the account.

Through the CDP account, CRA/LA-DLA provides a disbursement service for borrowers and grantees. Monies deposited to this account are considered loans receivable in the statement of fiduciary net position. Interest earnings from the CDP account are returned to the original funding source, unless otherwise specified.

M. Property Tax Revenues

Pursuant to AB 1X26, and following DOF approval, the County Auditor-Controller is required to remit to CRA/LA-DLA property taxes distributed from the Successor Agency’s Redevelopment Property Tax Trust Fund to pay for enforceable obligations and/or its administrative allowance as scheduled on the ROPS for each six month period of each fiscal year.

N. Net Position

Net position is the residual of all other amounts presented in the statement of fiduciary net position.

O. Extraordinary Items

Extraordinary items are both unusual in nature and infrequent in occurrence. The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual and infrequent.

During fiscal year 2011, the Former Agency transferred certain revenue-generating commercial properties in repayment of the CDBG no-term obligations and an additional 74 properties to the City in connection with the implemented Council File No. 11-0354 and Council File No. 11-0086-S1. The enactment of AB 1X26, among other things, directed the State Controller to review the propriety of transfers of assets between redevelopment agencies and other public bodies after January 1, 2011. As a result, the State Controller issued a written notice on April 20, 2012 requiring the reversal of prior asset transfers that are not contractually committed. In December 2012, the City returned the properties that were transferred in March 2011.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On January 25, 2012, the City, acting by and through its Housing Department (LAHD), elected to retain the housing assets and functions previously performed by the Former Agency. Pursuant to HSC Section 34176 (a) (2), the Housing Asset Transfer Schedule (HATS) prepared by CRA/LA-DLA staff was submitted by LAHD to DOF on August 1, 2012. DOF issued its final determination letter on March 27, 2013, granting approval of most of housing assets listed on the HATS. Effective May 1, 2013, the CRA/LA-DLA's housing assets including loans receivable, land held for redevelopment, and land inventory, and functions were transferred and assumed by LAHD, the Housing Successor Agency.

The components of the extraordinary loss recognized are as follows (in thousands):

Return of assets from the City	\$ 96,427
Transfer of assets to Housing Successor	<u>(173,404)</u>
Total extraordinary loss	<u>\$ (76,977)</u>

P. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

Q. Recent GASB Pronouncements

Recent Pronouncements effective in future periods:

1. *GASB Statement No. 65 – Items Previously Reported as Assets and Liability.* Issued in March 2012, this statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement is effective for financial statements for periods beginning after December 15, 2012. CRA/LA-DLA has not completed the process of evaluating the impact of GASB 65 on its financial statements. If deemed applicable, CRA/LA-DLA will implement GASB 65 in the required fiscal year.
2. *GASB Statement No. 66 – Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No.62.* Issued in March 2012, this statement improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for financial statements for periods beginning after December 15, 2012. CRA/LA-DLA has not completed the process of evaluating the impact of GASB 66 on its financial statements. If deemed applicable, CRA/LA-DLA will implement GASB 66 in the required fiscal year.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. *GASB Statement No. 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* Issued in June 2012, this statement replaces previously issued statements related to pension plans administered through trusts or similar arrangement that meet certain criteria. It builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position and a statement of changes in fiduciary net position. It also enhances note disclosures and required supplementary information (RSI), including the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. CRA/LA-DLA has not completed the process of evaluating the impact of GASB 67 on its financial statements. If deemed applicable, CRA/LA-DLA will implement GASB 67 in the required fiscal year. CRA/LA-DLA has determined there will be no material impact of this pronouncement on its financial statements.
4. *GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.* Issued in June 2012, this statement replaces previously issued statements related to governments that provide pensions through pensions plans administered as trusts or similar arrangements that meet certain criteria. It requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. Governments will report a net pension liability that represents the difference between the total pension liability and the pension assets set aside in a trust. It also enhances accountability and transparency through revised and new note disclosures and RSI, including the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used in calculating the pension liability. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. CRA/LA-DLA has not completed the process of evaluating the impact of GASB 68 on its financial statements. If deemed applicable, CRA/LA-DLA will implement GASB 68 in the required fiscal year.
5. *GASB Statement No. 69 – Government Combinations and Disposals of Governing Operations.* Issued in January 2013, this statement provides guidance on determining whether a government combination is a merger, acquisition or transfer of operations. Carrying values is required to use for measuring the assets and liability in a government merger. Conversely, measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values in a government acquisition. This statement also provides guidance on reporting on disposal of operations in a transfer of sale. This statement is effective for financial statements for fiscal years beginning after December 15, 2013. CRA/LA-DLA has not completed the process of evaluating the impact of GASB 69 on its financial statements. If deemed applicable, CRA/LA-DLA will implement GASB 69 in the required fiscal year.
6. *GASB Statement No. 70 – Accounting and Financial Reporting for Non-exchange Financial Guaranties.* Issued in April 2013, this statement provides guidance that offer non-exchange financial guarantees to others and for governments that receive guarantees on their operations. This Statement requires a liability to be recognized on the financial statements of the guarantor when it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also specifies the information required to be disclosed. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. CRA/LA-DLA has not completed the process of evaluating the impact of GASB 70 on its financial statements. If deemed applicable, CRA/LA-DLA will implement GASB 70 in the required fiscal year.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES

A. Cash, Cash Equivalents, and Investments

Cash

Cash consists of cash deposits maintained with various banks within redevelopment project areas or banks that benefit redevelopment activities. At June 30, 2013, the carrying amount of the CRA/LA-DLA's cash deposits totaled \$332,753,000 while the bank balances totaled \$327,072,000. The difference of \$5,681,000 is primarily due to outstanding checks, outstanding investment maturity, and other reconciling items. Of the total bank balances, \$3,939,000 was covered by the Federal Deposit Insurance Corporation and \$323,133,000 was fully collateralized as required by State law and reported to the State Administrator of Local Agency Security to ensure the safety of public deposits.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of those deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the CRA/LA-DLA's name.

Investments

At June 30, 2013, unrestricted investments consisted of U.S. Treasury securities and Federal securities deposited into CRA/LA-DLA safekeeping accounts, which have been established to ensure segregation of CRA/LA-DLA owned securities.

Restricted investments, shown as restricted assets consisted primarily of investments maintained with bond fiscal agents and trustees, which are considered as pledged collateral for payment of principal and interest on the CRA/LA-DLA's tax allocation bond obligations. Also included in this category were investments held by the trustee for the Cinerama Dome public parking project.

At June 30, 2013, cash and investments are reflected in the statement of fiduciary net position with carrying values as follows (dollars in thousands):

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Cash	\$ 266,655	\$ -	\$ 266,655
Unrestricted investments	-	26,969	26,969
Restricted assets	<u>66,098</u>	<u>55,574</u>	<u>121,672</u>
Total	<u>\$ 332,753</u>	<u>\$ 82,543</u>	<u>\$ 415,296</u>

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

CRA/LA-DLA's investments at June 30, 2013 consisted of the following investment types (dollars in thousands):

Investment Type	Amortized Costs	Fair Value	Weighted Average Maturity (Years)
Investments held by CRA/LA-DLA			
Treasury securities	\$ 24,969	\$ 25,009	0.24
Federal securities	2,000	2,001	0.38
Total investments held by CRA/LA-DLA	<u>26,969</u>	<u>27,010</u>	
Investments held by fiscal agent or trustee:			
Treasury securities	15,283	15,283	0.147
Money market funds	37,183	37,183	0.003
Repurchase agreement	3,108	3,108	19.016
Total investments held by fiscal agent or trustee	<u>55,574</u>	<u>55,574</u>	
Total investments	<u>\$ 82,543</u>	<u>\$ 82,584</u>	

Portfolio weighted average maturity for investments held by CRA/LA-DLA (excluding investments held by fiscal agent or trustee) 0.25

The CRA/LA-DLA's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would exercise in the management of their own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of CRA/LA-DLA. The core objective is to minimize the interest rate risk and credit risk of each investment. In addition, in order to minimize the total volatility of the portfolio, CRA/LA-DLA maintains a diversified portfolio of investments.

Interest rate risk. In accordance with the CRA/LA-DLA's investment policy, CRA/LA-DLA manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to not more than two years, excluding investments held by a trustee, fiscal agent, or escrow bank in connection with a CRA/LA-DLA bond or note.

Credit rate risk. Investments held by fiscal agent or trustee are invested in accordance with the respective CRA/LA-DLA's bond indenture or similar agreement, and the credit rating of the authorized investments are limited. These bond indenture agreements authorize investments in money market funds having a rating in the highest investment category by Standard & Poor's and/or Moody's. At June 30, 2013, the CRA/LA-DLA's investments in money market funds at amortized costs of \$37,183,000 were rated in the highest categories of Standard & Poor's "A-1+" and Moody's "P-1".

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

B. Loans Receivable

A schedule of loans receivable at June 30, 2013 including allowance for market value write-downs and uncollectibles is as follows (dollars in thousands):

	Principal Balance			
	Amortizing	Deferred	Residual Receipts	Total
Outstanding at July 1, 2012	\$ 26,357	\$ 128,029	\$ 572,885	\$ 727,271
Transfer to Housing Successor	(14,907)	(70,565)	(545,111)	(630,583)
Additions:				
New funding	-	6,565	4,835	11,400
Reductions:				
Principal repayments	(1,269)	(140)	(50)	(1,459)
Others *	(7)	(8,938)	994	(7,951)
Outstanding at June 30, 2013	10,174	54,951	33,553	98,678
Less allowance for market value write-downs and uncollectibles	(3,424)	(53,122)	(27,809)	(84,355)
Balance at June 30, 2013	<u>\$ 6,750</u>	<u>\$ 1,829</u>	<u>\$ 5,744</u>	<u>\$ 14,323</u>

* Included in these amounts are loan amendments and service repayments on forgivable loans.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

C. Capital Assets

Changes in capital assets for the year ended June 30, 2013 were as follows (dollars in thousands):

Description	Balance June 30, 2012	Others*	Acquisitions/ Dispositions/ Adjustments	Depreciation/ Amortization	Balance June 30, 2013
Capital assets, not being depreciated:					
Land	\$ 41,665	\$ 11,703	\$ -	\$ -	\$ 53,368
Capital assets, being depreciated:					
Building and improvements	30,034	11,326	-	-	41,360
Less accumulated depreciation/ amortization	(9,931)	(8,090)	-	(1,110)	(19,131)
Net building and improvements	20,103	3,236	-	(1,110)	22,229
Equipment and leasehold improvements	25,874	-	222	-	26,096
Less accumulated depreciation/ amortization	(18,064)	-	(222)	(1,721)	(20,007)
Net equipment and leasehold improvements	7,810	-	-	(1,721)	6,089
Net capital assets, being depreciated	27,913	3,236	-	(2,831)	28,318
Net capital assets	\$ 69,578	\$ 14,939	\$ -	\$ (2,831)	\$ 81,686

*Amount represents return of properties that were transferred to the City of Los Angeles during fiscal year 2011. (Note 3-G, Other Transactions with the City)

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

E. CRFA Bonds

The following table summarizes the CRFA bond transactions for the fiscal year ended June 30, 2013 (dollars in thousands):

Balance, July 1, 2012	\$ 356,585
Retirement, various pooled financing bond issues	<u>(14,165)</u>
Balance, June 30, 2013	<u><u>\$ 342,420</u></u>

CRFA bonds outstanding at June 30, 2013 were as follows (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	Balance Outstanding
Pooled bonds:					
Pooled Financing Bonds, Series B	8/1/1992	9/1/2014	5.00% - 6.625%	\$ 15,820	\$ 300
Pooled Financing Refunding Bonds, Series E	8/1/1998	9/1/2014	3.60% - 5.00%	21,805	3,385
Pooled Financing Refunding Bonds, Series F	8/1/1998	9/1/2014	4.05% - 5.00%	12,820	2,175
Pooled Financing Bonds, Series H (taxable)	6/15/2002	9/1/2032	8.25% - 9.75%	9,765	8,185
Pooled Financing Bonds, Series I (taxable)	6/1/2003	9/1/2019	2.625%-5.50%	14,890	7,970
Pooled Financing Bonds, Series J (taxable)	9/17/2003	9/1/2033	4.18% - 6.38%	17,970	15,410
Pooled Financing Bonds, Series J	9/17/2003	9/1/2033	2.00% - 5.00%	4,500	3,680
Pooled Financing Bonds, Series K (taxable)	9/17/2003	9/1/2033	6.98% - 9.38%	4,645	4,080
Pooled Financing Bonds, Series L (taxable)	6/28/2006	9/1/2026	5.74% - 6.15%	32,000	26,110
Pooled Financing Bonds, Series M (taxable)	6/29/2006	9/1/2036	6.10% - 6.70%	34,500	31,990
Pooled Financing Bonds, Series N	6/28/2006	9/1/2026	3.50% - 5.25%	8,000	6,360
Pooled Financing Bonds, Series O (taxable)	6/28/2007	9/1/2037	5.94% - 6.66%	8,000	7,355
Pooled Financing Bonds, Series P (taxable)	6/26/2008	9/1/2038	8.00%	14,250	13,615
Revenue bonds:					
Bunker Hill Project Revenue Bonds, Series 2004A	5/19/2004	12/1/2028	3.00% - 5.50%	181,510	175,405
Bunker Hill Project Revenue Bonds, Series 2004B	5/19/2004	12/1/2017	1.49% - 5.83%	87,550	<u>36,400</u>
Total CRFA bonds					<u><u>\$ 342,420</u></u>

The source of all payments of outstanding principal and interest on the CRFA pooled financing bonds consists of debt service payments on underlying tax allocation bonds and notes issued by the respective redevelopment project areas.

The CRFA revenue bonds are payable exclusively from the revenues, principally comprised of payments to be made on the Bunker Hill Tax Allocation Refunding Bonds, Series H and Bunker Hill Tax Allocation Refunding Bonds, Series K, and other funds as provided in the CRFA Indenture.

As a blended component unit, CRFA's activities for financial reporting purposes are blended into the CRA/LA-DLA's financial statements. Hence, in the accompanying statement of fiduciary net position, the \$342,420,000 receivable/payable between CRFA and CRA/LA-DLA is eliminated.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

F. Long-Term Debt

Notes Payable, Midtown Crossing Project

The Midtown Crossing project is a 318,000 square-foot commercial/retail complex in the Mid-City Corridors project area envisioned in the Owner Participation Agreement (OPA) entered into by the Community Redevelopment Agency of the City of Los Angeles (Former Agency) and CIM/PICO, LP (Developer) on March 12, 2008. The aim was to redevelop the property to aid in alleviating blighting conditions and stimulate economic development within the project area. As part of project financing, the Former Agency was to extend financial assistance to the developer in the form of a reimbursement of project improvements costs and foundation costs.

On January 2, 2013, a Certificate of Occupancy for the project was issued by the City of Los Angeles. As required by the terms of the OPA as amended on June 29, 2010, CRA/LA-DLA issued two promissory notes on March 22, 2013. The Senior Promissory Note of \$5,000,000 at 6% per annum, compounded annually, commenced on the Senior Note Date and will end on January 31, 2042, unless paid in full prior to end date. Annual repayment of the Senior Note shall be the lesser of 100% of Net Site Specific Tax Increment (SSTI) or \$465,000. The Junior Promissory Note of \$5,422,000 at 6% per annum, compounded annually, commenced on the Junior Note Date and will end on January 31, 2042, unless paid in full prior to end date. Annual repayment of the Junior Note shall be the lesser of the residual Net SSTI after payment of the Senior Note obligation or \$385,000. To the extent CRA/LA-DLA has not fully repaid any outstanding principal and interest owing under this Junior Note by the expiration of the term, any remaining outstanding balance due on this Junior Note shall be forgiven.

Changes in Long-term Liabilities

CRA/LA-DLA's long-term liabilities for the fiscal year ended June 30, 2013 are summarized as follows (dollars in thousands):

Description	Balance June 30, 2012	Additions	Retirement	Balance June 30, 2013	Due Within One Year
Bonds payable	\$ 681,090	\$ -	\$ (27,030)	\$ 654,060	\$ 28,421
Notes payable	25,654	10,422	(13,214)	22,862	245
Payable to the City	15,804	-	(9,269)	6,535	-
Sub-total before premiums/discounts, and deferred amounts on refunding	722,548	10,422	(49,513)	683,457	28,666
Less unamortized premiums/discounts, and deferred amounts on refunding	(294)	-	310	16	-
Total bonds and notes	722,254	10,422	(49,203)	683,473	28,666
Compensated absences	1,031	468	(892)	607	281
Other postemployment benefit obligations	13,868	-	(8,386)	5,482	-
Net long-term liabilities, governmental activities	<u>\$ 737,153</u>	<u>\$ 10,890</u>	<u>\$ (58,481)</u>	<u>\$ 689,562</u>	<u>\$ 28,947</u>

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

Outstanding Long-term Debt

Long-term debt outstanding at June 30, 2013 is comprised of the following (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	Outstanding Balance
Tax allocation bonds:					
Adelante Eastside, Series A (taxable)	6/27/2002	9/1/2032	8.00% - 9.25%	\$ 4,750	\$ 4,250
Adelante Eastside, Series B (taxable)	7/1/2005	9/1/2035	5.625% - 5.90%	7,000	6,525
Adelante Eastside, Series C (taxable)	6/20/2007	9/1/2037	6.490%	10,040	9,485
Adelante Eastside, Series D	12/3/2009	9/1/2039	1.75% - 6.50%	10,000	9,385
Beacon Street, Refunding Series B*	8/1/1998	9/1/2014	4.05% - 5.00%	4,350	740
Beacon Street, Series C (taxable)	7/1/2005	9/1/2019	5.625%	2,680	2,535
Broadway/Manchester, Series A (taxable) *	6/28/2007	9/1/2037	5.940% - 6.660%	1,500	1,415
Bunker Hill, Grand Central Square Multifamily Housing, Refunding Series 2007A	6/21/2007	12/1/2026	4.00% - 5.00%	11,345	9,720
Bunker Hill, Refunding Series H *	12/1/1993	12/1/2028	5.60% - 6.50%	202,175	202,175
Bunker Hill, Refunding Series K *	5/19/2004	12/1/2013	1.49% - 4.990%	56,885	6,790
Bunker Hill, Refunding Subordinate Lien 2004L	5/19/2004	3/1/2019	3.50% - 5.10%	30,955	15,510
CD 9 Corridors, Series A (taxable)	6/26/2001	9/1/2023	8.50% - 8.875%	2,000	1,425
CD 9 Corridors, Series B	6/26/2001	9/1/2031	5.875% - 6.00%	2,000	2,000
CD 9 Corridors, Series C (taxable) *	9/17/2003	9/1/2033	4.18% - 6.38%	5,500	4,810
CD 9 Corridors, Series D (taxable)	3/30/2005	9/1/2034	3.20% - 5.65%	6,500	5,595
CD 9 Corridors, Series E (taxable)	6/6/2007	9/1/2037	5.875% - 6.05%	12,500	11,620
Crenshaw, Refunding Series C *	8/1/1998	9/1/2014	4.05% - 5.00%	3,895	660
Crenshaw/Slauson, Series A (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	1,135	1,015
Crenshaw/Slauson, Series B (taxable) *	6/28/2007	9/1/2037	5.94% - 6.66%	3,000	2,875
East Hollywood/Beverly-Normandie, Series A (taxable) *	9/17/2003	9/1/2033	6.98% - 9.38%	1,885	1,690
East Hollywood/Beverly-Normandie, Series B (taxable) *	6/28/2006	9/1/2026	5.74% - 6.15%	8,000	6,528
Hollywood, Refunding Series C	3/1/1998	7/1/2022	4.10% - 5.50%	35,840	26,170
Hollywood, Refunding Series D (taxable)	11/25/2003	7/1/2022	1.50% - 6.00%	23,000	12,555
Hollywood, Series E (taxable)	5/9/2006	7/1/2036	6.25%	16,500	16,500
Hollywood, Series F	6/19/2008	7/1/2028	3.20% - 4.75%	15,565	13,355
Hoover, Refunding Series C	11/1/1995	9/1/2014	4.75% - 5.50%	5,040	550
Exposition/University Park, Refunding Series E (taxable)	6/7/2007	9/1/2032	5.45% - 6.00%	5,905	4,365
Laurel Canyon Commercial Corridor, Refunding Series B (taxable) *	9/17/2003	9/1/2030	6.98% - 9.38%	2,760	2,390
Laurel Canyon Commercial Corridor, Series C (taxable) *	6/28/2007	9/1/2037	5.94% - 6.66%	2,000	1,950
Little Tokyo, Refunding Series D	12/18/2003	7/1/2020	4.30% - 4.75%	11,430	10,785
Los Angeles Harbor, Refunding Series C *	8/1/1998	9/1/2014	3.60% - 5.00%	5,345	920

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	Outstanding Balance
Mid-City Recovery, Refunding Series B (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	6,500	5,385
Mid-City Recovery, Series C (taxable)*	6/26/2008	9/1/2032	8.00%	6,500	6,325
Monterey Hills, Refunding Series C *	8/1/1998	9/1/2014	3.60% - 5.00%	12,930	2,015
Monterey Hills, Series D (taxable)	5/9/2002	9/1/2020	6.60%	4,500	4,500
Normandie 5, Refunding Series C *	8/1/1992	9/1/2014	5.00% - 6.625%	6,320	300
Normandie 5, Refunding Series D *	8/1/1998	9/1/2014	3.60% - 5.00%	3,530	450
Normandie 5, Series E (taxable) *	6/1/2003	9/1/2019	2.625% - 5.50%	4,330	2,315
North Hollywood, Series E	10/1/2000	7/1/2024	4.20% - 7.50%	5,800	4,620
North Hollywood, Series F	5/1/2002	7/1/2024	2.75% - 5.125%	17,120	15,720
North Hollywood, Refunding Series G	5/18/2006	7/1/2029	3.50% - 4.625%	11,340	8,045
North Hollywood, Series H	6/26/2008	7/1/2029	5.125% - 5.250%	5,815	5,815
Pacific Corridor, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	5,000	4,635
Pacoima/Panorama City, Series A (taxable) *	9/17/2003	9/1/2033	4.18% - 6.38%	4,265	3,625
Pacoima/Panorama City, Series B (taxable) *	6/28/2006	9/1/2026	5.74% - 6.15%	8,000	6,528
Pacoima/Panorama City, Series C *	6/28/2006	9/1/2026	3.50% - 5.25%	8,000	6,360
Pacoima/Panorama City, Series D	11/4/2009	9/1/2039	5.00% - 5.625%	20,000	18,900
Pico Union 1, Refunding Series B*	8/1/1998	9/1/2014	4.05% - 5.00%	4,575	775
Pico Union 1, Series C (taxable) *	6/1/2003	9/1/2019	2.625% - 5.50%	3,250	1,745
Pico Union 2, Series A (taxable) *	6/1/2003	9/1/2019	2.625% - 5.50%	7,310	3,910
Pico Union 2, Series B (taxable) *	6/26/2008	9/1/2026	8.00%	5,500	5,075
Reseda/Canoga Park, Series A *	9/17/2003	9/1/2033	2.00% - 5.00%	4,500	3,680
Reseda/Canoga Park, Series B (taxable) *	9/17/2003	9/1/2033	4.18% - 6.38%	8,205	6,975
Reseda/Canoga Park, Series C (taxable) *	6/28/2006	9/1/2026	5.74% - 6.15%	16,000	13,054
Reseda/Canoga Park, Series D (taxable)	11/9/2010	9/1/2040	7.30% - 7.500%	8,980	8,980
Reseda/Canoga Park, Series E	11/9/2010	9/1/2040	5.00% - 5.375%	11,020	11,020
Vermont/Manchester, Series A (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	1,130	1,010
Vermont/Manchester, Series B (taxable) *	6/26/2008	9/1/2038	8.00%	2,250	2,215
Watts, Series A (taxable) *	6/28/2007	9/1/2021	5.94% - 6.39%	1,500	1,115
Watts Corridors Recovery, Series A (taxable) *	6/15/2002	9/1/2032	8.25% - 9.75%	1,000	775
Western/Slauson, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	2,500	2,315
Westlake, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	11,000	10,200
Westlake, Series B (taxable)	6/26/2008	9/1/2038	5.49% - 7.75%	12,500	12,060
Wilshire/Koreatown, Series A (taxable) *	6/29/2006	9/1/2036	6.10% - 6.70%	16,000	14,840
Wilshire/Koreatown, Series B (taxable)	6/26/2008	9/1/2018	6.00% - 6.50%	22,580	15,095
Wilshire/Koreatown, Series C	6/26/2008	9/1/2040	5.10% - 5.50%	11,050	11,050
Total tax allocation bonds payable before unamortized discount and deferred charges					<u>617,715</u>

*Purchased by and payable to CRFA.

**Unless otherwise noted, tax allocation bonds are tax-exempt.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	Outstanding Balance
Revenue bonds:					
Parking System Revenue Bonds, Series A before unamortized premium (discount)	8/18/2000	7/1/2032	4.60%-5.80%	44,235	36,345
Total tax allocation and revenue bonds before unamortized premium (discount)					654,060
Project notes payable:					
Hollywood, Developer Letter of Credit	12/30/2002	7/1/2032	10.00%	4,037	4,037
Mid-City Recovery, Midtown Crossing Senior Note	3/22/2013	1/31/2042	6.00%	5,000	5,000
Junior Note	3/22/2013	1/31/2042	6.00%	5,422	5,422
North Hollywood, NOHO Commons	8/27/2004	Until Paid	6.00%	9,043	8,403
Total project notes payable					22,862
Payable to the City (note 2-H)					6,535
Total long-term debt					\$ 683,457

The bond indentures/fiscal agent agreements contain various limitations and restrictions which require performance of duties in accordance with State redevelopment law and the redevelopment plan for the respective project and to not invest, reinvest, or expend the proceeds from any tax exempt bond issue in such a manner as to result in the loss of exemption from Federal income taxation of bond interest. CRA/LA-DLA is in compliance with all covenants, restrictions, and limitations of these bond issues.

Pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (Continuing Disclosure Rule), CRA/LA-DLA, or its authorized Dissemination Agent, is required to file an annual financial report for all fixed interest rate bonds issued on or after July 1, 1995. The Dissemination Agent files copies of the annual report(s) with each Nationally Recognized Municipal Securities Information Repository approved by the Securities and Exchange Commission, and the appropriate state information depository, if any.

The annual reports on the tax allocation bonds, consist of, but are not limited to, a copy of the CRA/LA-DLA's most recent audited financial statements and information updating particular tables in each bond issue's Official Statement. Other types of information are required for third-party supported bond issues (note 3-I, Third-Party Indebtedness), such as housing revenue bonds. Furthermore, if any of eleven enumerated events occur, CRA/LA-DLA is required to promptly notify and instruct the Dissemination Agent to report the occurrence.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

Annual Debt Service Requirements

Annual requirements to amortize all long-term debt outstanding as of June 30, 2013 are reflected in the following table (dollars in thousands).

Year Ending June 30	Bonds Payable		Notes Payable		Payable to the City (note 2-H)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 28,421	\$ 37,625	\$ 245	\$ 1,654	\$ -	\$ 1,573	\$ 28,666	\$ 40,852
2015	31,325	36,037	162	1,161	-	315	31,487	37,513
2016	31,040	34,290	171	1,152	-	315	31,211	35,757
2017	32,830	32,465	207	1,139	-	315	33,037	33,919
2018	34,110	30,567	220	1,126	-	315	34,330	32,008
2019-2023	165,231	124,077	1,313	5,420	6,535	1,235	173,079	130,732
2024-2028	165,198	77,318	1,758	4,976	-	-	166,956	82,294
2029-2033	95,985	35,669	14,081	2,229	-	-	110,066	37,898
2034-2038	57,500	12,847	386	1,539	-	-	57,886	14,386
2039-2042	12,420	1,152	4,319	1,139	-	-	16,739	2,291
Total	\$ 654,060	\$ 422,047	\$ 22,862	\$ 21,535	\$ 6,535	\$ 4,068	\$ 683,457	\$ 447,650

G. Prior Years Defeasance of Debt

In prior years, the Former Agency defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities, which were placed in the trust funds held by the respective escrow agents. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called for redemption or matures.

The trust account assets and corresponding liabilities for the defeased bonds are not reflected on the accompanying basic financial statements. At June 30, 2013, there were no outstanding defeased bonds.

H. Payable to the City of Los Angeles

CDBG Regular Program Year Allocations

The Former Agency's Community Development Block Grant (CDBG) allocations from the City have been structured as either grants with no definite due dates, or deferred loans. Under various contracts with the City, the Former Agency has recorded 20-year loans of \$17,194,000. These loans are to be repaid from certain sources such as tax increment revenues of the respective redevelopment projects as they become available as defined in the contracts. In addition to the tax increment revenues, the program income earned on the 20-year loan funds is applied as repayments to the 20-year loans.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

Pursuant to a City Council authorization, new promissory notes were issued in February 2003 amending the 20-year loans from amortizing notes to deferred notes to cure a technical default by the Former Agency on these notes. These notes as amended continue to accrue interest at the existing rate and any principal and interest due under the existing notes are deferred until maturity, with an option to extend loan maturity dates for another five years for each respective note.

At June 30, 2013, the outstanding balance of the 20-year loan amounted to \$1,590,000. Interest accrued at June 30, 2013 on the 20-year loan in the amount of \$33,000 is reported as interest payable in the financial statements.

Hollywood UDAG Loan

On December 1, 2002, the Former Agency signed a promissory note at 5.50 percent simple interest involving receipt of \$4,250,000 Urban Development Action Grant (UDAG) funds from the City, to pay for a portion of the Former Agency's acquisition costs associated with the Live Broadcast Theater (now the Dolby Theater) in the Hollywood Redevelopment Project area. These loaned funds were provided to the Former Agency by means of a cooperation agreement in which the loan was to be paid out of "community improvement fees" from the developer in accordance with a disposition and development agreement. The cooperation agreement required the return of the Former Agency's loan repayments back to the Former Agency to finance qualifying block grant expenditures. On July 25, 2003, the City Council authorized the amendment of the repayment terms to allow the Former Agency to repay this loan by making City approved qualifying block grant expenditures in the Hollywood Redevelopment Project area. During the fiscal year ended June 30, 2013, \$4,000 in qualifying block grant expenditures were applied towards interest on this loan. To date, a cumulative total of \$1,249,000 in interest payments has been applied to service this loan.

Beacon Street LADOT Loan

On July 19, 2005, the City Department of Transportation (LADOT) loaned the Former Agency \$960,000 from the LADOT's Special Parking Revenue funds for the design and construction of 40 public parking spaces to be located in the Centre Street Lofts mixed-use project in the Beacon Street Redevelopment Project area. Repayment of the loan was to come from a combination of (a) Former Agency/City participation in surplus profits as described in the project's disposition and development agreement and/or (b) from Beacon Street Project tax increment. In the event the Former Agency's share of surplus profits prove to be insufficient to repay the entire loan amount, the remaining balance will be amortized over a ten-year period from project completion at the City's "average pooled fund" interest rate. The Certificate of Completion for the project was executed on September 15, 2009. This date marks the loan start date and sets the loan maturity on September 15, 2019.

During the fiscal year ended June 30, 2013, no repayment on this loan was made due to the limitation imposed by the Department of Finance on loan agreements entered into between a redevelopment agency and the city, and/or county that formed the redevelopment agency. Health and Safety Code Section 34191.4 (2A) states, "No loan repayments shall be made prior to the 2013-2014 fiscal year". Thus, the principal outstanding remains unchanged at \$695,000 at June 30, 2013.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 2 - DETAILED NOTES (continued)

The following is a schedule of amounts payable to the City at June 30, 2013 (dollars in thousands).

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	Outstanding Balance
CDBG 20-year loan, various projects	2/6/2003	6/30/2021	5.00%	\$ 1,590	\$ 1,590
UDAG loan, Hollywood	12/1/2002	12/1/2022	5.50%	4,250	4,250
LADOT loan, Beacon Street	7/19/2005	9/15/2019 *	Variable**	960	695
Total payable to the City					<u>\$ 6,535</u>

* The Certificate of Completion for the project was executed on September 15, 2009. This date marks the loan start date and sets the loan maturity on September 15, 2019, 10 years from the project completion date.

**According to the loan agreement with the LADOT, interest rate is determined based on the City's pooled fund interest rate for the year that the repayment is made. However, for purposes of projecting future annual debt service requirements for this loan, the interest is calculated at the Local Agency Investment Fund (LAIF) rate of .26 percent at June 30, 2013 to comply with HSC Section 34191.4 (b)(2) guidelines.

Annual debt service requirements for the payable to the City are contained in note 2-F, Annual Debt Service Requirements.

I. Negative Net Position

As of June 30, 2013, CRA/LA-DLA's negative net position amounted to \$261,476,000. Pursuant to AB 1X26, CRA/LA-DLA's enforceable obligations as listed on the approved ROPS will be paid by property tax distributed from the Redevelopment Property Tax Trust Fund administered by the County.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION

A. Employees' Retirement System

Plan Description

CRA/LA-DLA contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and authorized by CRA/LA-DLA. Copies of CalPERS' annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, California, 95814.

The pension plan covers all full-time employees of CRA/LA-DLA. Under the provision of CalPERS, pension benefits fully vest after five years of service. A vested employee may retire at age 50 and receive annual pension benefits equal to a predetermined percentage of the employee's salary earned during the highest 12 consecutive months of employment multiplied by the number of years of service. Effective July 1, 1997, the Former Agency amended its contract with CalPERS changing the retirement formulation from two percent at age 60 to two percent at age 55 as part of collective bargaining negotiations for a multi-year agreement. As a result, under the amended plan, the service requirement benefits now vary from 1.426 percent at age 50 to 2.418 percent at age 63 and over multiplied by the number of years of service. The CRA/LA-DLA modified its contract with CalPERS on February 17, 2013 to reflect the entity change.

CalPERS prepared CRA/LA-DLA's pension plan actuarial valuation as of June 30, 2012, received on January 6, 2014. The valuation indicated that CalPERS has moved the pension plan into a "2% at 55" risk pool, given that CRA/LA-DLA's headcount had declined to fewer than 50 fulltime employees. While this change does not affect payments to retirees, it has resulted in an increase in the employer's normal cost contributions due to several adjustments. In turn, the plan's unfunded liability, on both an actuarial and market value bases, has also been increased.

Funding Policy

The contribution requirements of plan members and CRA/LA-DLA are established and may be amended by CalPERS. Plan members are required to contribute seven percent of their annual covered salary, which pursuant to a collective bargaining agreement are made by CRA/LA-DLA on behalf and for the account of the plan members. As employer, CRA/LA-DLA is required to contribute at an actuarially determined rate; the rate for 2013 was 15.851 percent of covered payroll.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

Pension Cost and Actuarial Methods and Assumptions

For fiscal year ended June 30, 2013, the CRA/LA-DLA's pension cost of \$988,000 was equal to CRA/LA-DLA's annual required and actual contribution. Below is a summary of principal assumptions and methods used to determine the annual required contribution for the year ended June 30, 2013.

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Average remaining period	19 years as of the valuation date
Asset valuation method	15-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

Three-year Trend Information (dollars in thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 3,298	100%	\$ -
6/30/2012	3,172	100%	-
6/30/2013	988	100%	-

Funded Status and Funding Progress

As of June 30, 2012 (the most recent actuarial valuation date available), the plan was 79.3 percent funded. The accrued liability for benefits was \$216,815,000, and the value of assets was \$145,517,000, resulting in an unfunded accrued liability (UAL) of \$71,298,000. The covered payroll at June 30, 2012 was \$20,615,000 and the ratio of the UAL to the covered payroll was 217.7 percent.

The schedule of funding progress, presented as Required Supplementary Information of this report presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

B. Other Postemployment Benefits (OPEB)

Plan Description

CRA/LA-DLA provides medical (including vision care) and dental benefits to all employees who retired on or after January 1, 1993 and had at least 10 years of service. In accordance with collective bargaining agreements with various represented employee units, CRA/LA-DLA subsidizes health care benefits starting at 40 percent of maximum monthly subsidy to retirees for the first 10 years of service and increases at the rate of four percent per year for each additional year of service. Eligible retirees pay premiums in excess of the CRA/LA-DLA monthly subsidy. At 25 years of service and at least 50 years of age, the retiree health care benefit is 100 percent subsidized by CRA/LA-DLA. The OPEB Plan is administered by CRA/LA-DLA.

Since at least 1993, the health plans have been administered by the Los Angeles City Employees Retirement System (LACERS) under an agreement with the Former Agency. In February 2012, LACERS advised CRA/LA-DLA that, due to the enactment of the Dissolution Legislation, which invalidates all agreements with the City, the health plan administration would cease by December 31, 2012.

On March 19, 2013, CRA/LA-DLA management was authorized by its Governing Board to execute agreements to enroll in the Prefunding Plan, also referred to as the California Employers' Retirement Benefit Trust (CERBT), which will administer prefunding of OPEB costs. Accordingly, an agreement was fully executed by the CRA/LA-DLA and CalPERS (on behalf of CERBT), effective March 28, 2013.

The Prefunding Plan is a trust fund that is intended to perform as an agent multi-employer plan with pooled administrative and investment functions.

Funding Policy

The agreement with CalPERS allows CRA/LA-DLA to contribute funds to be identified annually by an independent actuary and prudently invested by CalPERS for the purposes of funding retiree healthcare obligations. The Governing Board also authorized the transfer to CERBT of up to \$10,000,000 from the funds previously set-aside and funds scheduled on the ROPS. A total of \$8,699,000 was transferred to CERBT on April 30, 2013. Also, for fiscal year ended June 30, 2013, CRA/LA-DLA contributed \$1,915,000 for current health care subsidies.

Annual OPEB Cost and Net OPEB Obligation

The CRA/LA-DLA's annual OPEB Cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined biennially in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or surplus over a period not to exceed 30 years. The rate for the fiscal year 2013 was 33.8 percent of the covered payroll.

Due to the enactment of the Dissolution Act (AB 1X26 and AB1484), CRA/LA-DLA was required to reduce its workforce to 57 Full Time Employees (FTE's) in fiscal year 2013 and again from 57 FTE's to 35 FTE's in fiscal year 2014. The anticipated reduction in workforce in fiscal year 2013 was taken into consideration in the actuarial valuation of July 1, 2012 in determining the ARC for fiscal year 2013.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

The following table shows the components of the CRA/LA-DLA's OPEB cost for fiscal year ended June 30, 2013, the amount actually contributed to the plan, and changes in the CRA/LA-DLA's net OPEB obligation (dollars in thousands):

Required contribution (ARC) for fiscal year ended June 30, 2013	\$ 2,106
Interest on net OPEB obligation	634
Adjustment to ARC	(512)
OPEB cost (expense) for fiscal year ended June 30, 2013	2,228
Contributions made	(10,614)
Decrease in net OPEB obligation	(8,386)
Net OPEB obligation transferred from Former Agency	13,868
Net OPEB obligation, June 30, 2013	\$ 5,482

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by CRA/LA-DLA and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between CRA/LA-DLA and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions used to determine the annual required contributions for fiscal year 2013 were as follows:

Actuarial valuation date	July 1, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Closed 30-year period as a level percentage of payroll
Remaining amortization period	26 years as of the valuation date
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.25%
Healthcare inflation rate	5.00%
Payroll growth	3.25%
Individual salary growth	3.25%

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

Three-year Trend Information (dollars in thousands):

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 4,595	20.70%	\$ 12,788
6/30/2012	2,340	53.84%	13,868
6/30/2013	2,228	476.39%	5,482

Funded Status and Funding Progress

The funded status of the OPEB Plan as of June 30, 2012 based on the actuarial valuation date of July 1, 2012 was as follows (dollars in thousands):

Actuarial accrued liability	\$ 41,822
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 41,822
Funded ratio	0.0%
Projected covered payroll	\$ 20,615
Unfunded actuarial accrued liability as a percentage of projected covered payroll	202.87%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subjected to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Health Care Reform

The Patient Protection and Affordable Care Act was signed into law in March 2010. One of the key provisions is the assessment of a 40% excise tax on the cost of health plans that exceed certain annual thresholds beginning in 2018. The thresholds in 2018 for non-Medicare retirees aged 55 through 64 are \$11,850 for single coverage and \$30,950 for family coverage. For all other retirees, the thresholds in 2018 are \$10,200 for single coverage and \$27,500 for family coverage. The impact of this potential excise tax imposed by the Act was included in the July 1, 2012 OPEB actuarial valuation.

C. Deferred Compensation

CRA/LA-DLA offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all full-time employees, allows them to defer a portion of their compensation for income tax shelter purposes. The current maximum annual deferral, which is indexed to inflation, is \$17,500 (\$22,500 if age 50 or older) for the 2013 tax year.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

The Plan is administered by independent financial institutions (Plan Administrators) that have fiduciary responsibilities over the plan assets. They invest the deferred amounts as directed by participants, maintain detailed accounting records of individual participant's deferrals and earnings, and disburse funds to the plan participants under the terms of the deferred compensation agreements.

The Plan assets are not considered the property and rights of CRA/LA-DLA; therefore, the assets are not reflected in the accompanying basic financial statements.

D. Early Retirement Incentive Package in 2010

Due to the continuing effects of the prolonged economic downturn and other factors, the Former Agency Board and City Council approved an early retirement incentive program (ERIP) in September 2010 aimed at reducing 20 percent of staff costs over the next two years. The ERIP estimated savings was capped at \$6.4 million in staff costs. Employees with at least 15 years of qualifying CalPERS service were eligible to apply for the full ERIP package consisting of (1) reimbursement for up to three years of service credit; (2) cash payment of \$1,000 for every year of service with a minimum of \$25,000 and a maximum of \$40,000; and, (3) 100 percent subsidy for health care (employees qualify for four percent health care subsidy for every year of service, i.e. it takes 25 years of service to qualify for 100 percent health subsidy). Employees with at least five years of qualifying CalPERS service were eligible to retire with an additional two years of service credit (Partial ERIP). Employees taking advantage of the Partial ERIP were given priority. To the extent that the Partial ERIP staff costs savings did not exceed the \$6.4 million cap, the Full ERIP was then made available to eligible employees based on seniority.

The enrollment period ended on December 16, 2010 and a total of 43 eligible employees participated. The estimated costs of the ERIP of \$7,400,000 will be paid by employee contributions calculated at 2.25% of gross wages. All employees were required to make the 2.25% contribution as of July 1, 2010 and such contributions will continue until the end of their employment or June 30, 2030.

Due to the enactment of the Dissolution Act (AB 1X26 and AB1484), CRA/LA-DLA was required to reduce its workforce from 216 Full Time Employees (FTE's) to 57 FTE's in fiscal year 2013 and again from 57 FTE's to 35 FTE's in fiscal year 2014. CRA/LA-DLA agreed to include in the ROPS the amount representing the difference in ERIP withholdings between what the 216 employees would have contributed and what the current employees will contribute based on the agreed upon 2.25% of gross wages. As a result, CRA/LA-DLA has estimated its share of the ERIP costs to be \$2,722,000 as of June 30, 2013, which was included in deposits and other liabilities of the statement of fiduciary net position. The \$2,722,000 represents the difference in ERIP withholdings between what employees would have contributed and what the post reduction in force employees will contribute.

E. Risk Management

CRA/LA-DLA is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which CRA/LA-DLA carries commercial insurance policies. During the last three fiscal years, insurance claims have not exceeded commercial insurance coverages. Potential and actual claims, if any against CRA/LA-DLA not covered by commercial insurance are disclosed in note 3-I.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

F. Pledges of Future Revenues

Prior to its dissolution, the Former Agency pledged a portion of its future tax increment revenues to repay \$617,715,000 in outstanding tax allocation bonds which had been issued to finance various redevelopment activities. These bonds are payable solely from the respective redevelopment project area's tax increment. Total principal and interest remaining on these bonds is \$1,013,990,000 payable through fiscal year 2041. For the year ended June 30, 2013, CRA/LA-DLA's principal and interest paid on these bonds were \$26,050,000 and \$36,905,000 respectively.

Project site-specific and area-wide tax increment revenues have also been pledged using various debt instruments to finance certain redevelopment projects. These pledges are subordinate to senior-lien tax allocation bonds and limited to the amounts available. In accordance with AB 1X26, revenue pledges are to be honored. The County will have to continue to separately account for the property tax revenues generated by each project area in order to allow the CRA/LA-DLA to honor enforceable obligations created by the pledges.

Under the terms of the Cinerama Dome Parking System Revenue Bonds Series 2000A issued by the Former Agency on August 18, 2000, the primary source of payment for the bonds is the parking facility revenues net of operating and maintenance costs. However, in the event actual net revenue is insufficient to cover debt service, the shortfall could be funded from draws against a \$9,325,000 letter of credit provided by the developer and/or the Development Tax Increment account funded by a pledge of Hollywood tax increment revenues up to \$1,000,000 annually. The pledge of Hollywood tax increment revenues is subordinate to the obligation to pay debt service on Hollywood tax allocation bonds, housing set-aside, and pass-through payments. This pledge will be released upon the parking facility operations reaching "stabilization", which is defined as two consecutive twelve-month periods during which net revenues equal 1.35 times maximum annual debt service on the bonds.

While this pledge provides for a contingent payment, the Oversight Board and DOF approved the CRA/LA-DLA's request to fund the pledge with Reserved Funds during the ROPS 2 period. To further secure the pledge and in lieu of listing the pledge on the ROPS on an ongoing basis, the \$1,000,000 was recorded as a liability and offset by other assets until called upon or released.

In prior years, due to insufficient net revenues of the parking facility, the Former Agency has drawn against the developer's letter of credit to meet the required debt service payments. The outstanding balance against the developer letter of credit is \$4,037,000 plus accrued interest of \$3,757,000 at June 30, 2013.

G. Other Transactions with the City

Transfer of Properties

On March 8, 2011, the City Council approved the transfer of certain revenue-generating commercial properties (with historical cost of \$3,664,000) from the Former Agency to the City in repayment of CDBG no-term obligations in the amount of \$50,671,000 (Council File 11-0354). The transfer included the fee interests in the California Plaza Towers One and Two, Omni Hotel and the Martin Luther King, Jr. Shopping Center. The ground lease revenues generated from these properties are approximately \$3.3 million annually.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

On March 22, 2011, the City Council authorized the transfer of an additional 74 properties from the Former Agency to the City, in connection with the implementation of a Cooperation Agreement (Council File 11-0086-S1). Since some properties have more than one assessor parcel number (APN), the City Attorney reviewed the Council Motion and identified 130 parcels based on their discrete APN. As of February 1, 2012, 52 grant deeds, including 106 parcels, with the historical cost of \$93,410,000 were transferred from the Former Agency to the City.

The enactment of AB 1X26, among other things, directed the State Controller to review the propriety of transfers of assets between redevelopment agencies and other public bodies after January 1, 2011. As a result, the State Controller issued a written notice on April 20, 2012 requiring the reversal of prior asset transfers that are not contractually committed. In December 2012, the City returned the properties transferred in March 2011. Following the return of the properties, the City submitted a claim to CRA/LA-DLA for the repayment of the \$50,900,000. CRA/LA-DLA reviewed the City's claim and based on the specific requirements of AB 1X26 and AB1484 determined the claim not an enforceable obligation.

Return of CRA/LA-DLA Funds Deposited with the City

In September 2009, the City Council approved the sale of a surplus City-owned property to the Former Agency. Escrow was opened and the Former Agency deposited \$2,200,000 with the City. The Former Agency was unable to secure additional funding and the escrow subsequently lapsed and the sale was not completed. This amount is reported as deposits for land acquisition in CRA/LA-DLA's statement of fiduciary net position. CRA/LA-DLA has since requested the City to return the \$2,200,000. The City remitted payment to CRA/LA-DLA on October 1, 2013 for the full amount.

Housing Assets Transfer

On January 25, 2012, the City, acting by and through its Housing Department (LAHD), elected to retain the housing assets and functions previously performed by the Former Agency. Pursuant to HSC Section 34176 (a) (2), the Housing Asset Transfer Schedule (HATS) prepared by CRA/LA-DLA staff was submitted by LAHD to DOF on August 1, 2012. DOF issued its final determination letter on March 27, 2013, granting approval of most of housing assets listed on the HATS. Effective May 1, 2013, the CRA/LA-DLA's housing assets including loans receivable, land held for redevelopment, and land inventory (historical value totaling \$726,684,000) and functions were transferred and assumed by LAHD, the Housing Successor Agency.

Payable to the City

As noted in note 2-H, the payable to the City consists of loans from the City involving federal funds. These notes were to be repaid from available sources including tax increment. AB 1X26 acknowledges that payments to the federal government are enforceable obligations and such contracts were not invalidated and therefore remain in effect. In its determination letter dated December 26, 2012 wherein DOF approved the affected ROPS line items and authorized RPTTF to repay these obligations, DOF noted that the Successor Agency had provided it with copies of loan agreements and promissory notes which indicated that the Former Agency was the party responsible for payment of the loans. Further, that the promissory notes were entered into at the time of the agreements and for the purpose of repaying the loans. Future ROPS will include interest payments for the remaining outstanding loan, with a final payment of principal and interest due upon maturity in 2021.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

H. Commitments

Operating Leases

Prior to its dissolution, the Former Agency had several operating leases for its central office facilities and regional offices. These leases are not included in capital assets. The total rent expense for operating leases for the year ended, June 30, 2013 was \$1,930,000.

CRA/LA-DLA has the following contractual agreements for future rental payments at June 30, 2013 (dollars in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 1,770
2015	1,684
2016	1,684
2017	1,819
2018-2021	3,966
Total	<u>\$ 10,923</u>

Pollution Remediation Obligations

CRA/LA-DLA has estimated cleanup costs at five brownfields redevelopment sites to be approximately \$5,060,000 as of June 30, 2013. The estimate is based on a reasonable range of potential outlay and their probability of occurring. The amount expected to be recovered from external sources or retained escrow funds is \$4,415,000, leaving a net estimated cost to CRA/LA-DLA of \$645,000. No costs were capitalized nor accrued as a liability during the fiscal year due to the immateriality of the cleanup costs incurred by CRA/LA-DLA (note 1-I).

I. Contingencies

Hollywood and Highland Project

The Former Agency helped to facilitate public improvement financing for the Hollywood and Highland commercial development by the TrizecHahn Corporation (developer). Public financing consisted of taxable certificates of participation issued by the Municipal Improvement Corporation of Los Angeles (MICLA) for the live broadcast theater (Theater) and tax-exempt parking revenue bonds issued by the City for a subterranean parking structure.

The debt service requirements for the Theater certificates of participation are paid from the annual lease rental payments from the City's General Fund. To the extent that the transient occupancy tax generated by the hotel project at the site is less than the annual debt service requirement, the developer (or its successor) has guaranteed up to 74 percent of the shortfall. Under certain conditions, the developer may be released from the guarantee after the eleventh year (year 2010). In a cooperation agreement executed in February 2004, the Former Agency agreed to guarantee the remaining 26 percent, net of certain exclusions, payable from tax increment revenues or other legally available funds from the Hollywood Redevelopment Project area. The Former Agency will be released from this guaranty when the developer is released from its guaranty as described above. Unless subordination is approved by the City Council, the pledge of tax increment is senior to all future pledges of tax increment from the Hollywood Redevelopment Project area (note 3-F).

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

The parking revenue bonds are payable from and secured by a pledge of the parking revenues deposited into the City's Special Parking Revenue Fund. The February 2004 cooperation agreement does not require CRA/LA-DLA to provide a back-up reimbursement mechanism should parking revenues be insufficient to pay for the debt service on the parking bonds.

The obligation to pay Hollywood Redevelopment Project tax increment revenues to the City, under certain conditions, is subject to prior and senior obligations to pay tax allocation bond debt service, housing set-asides as required by State law, and pass-through payments arising from agreements with the County, the Los Angeles Unified School District, and the Los Angeles Community College District.

Marlton Square Limited Recourse Obligations

In September 2008, the Former Agency and the City's Community Development Department (CDD) entered into a funding agreement under which City, through CDD, agreed to provide Community Development Block Grant (CDBG) funds to the Former Agency in an aggregate amount of \$19,175,000 for acquisition, relocation, and related hazardous materials remediation costs for the Marlton Square Retail Acquisition Project (Retail Project) in the Crenshaw Redevelopment Project area. The CDBG funds were in the form of Section 108 Loan Guarantee (Section 108) funds for \$15,175,000, Brownfields Economic Development Initiative (BEDI) funds for \$2,000,000, and Economic Development Initiative (EDI) funds for \$2,000,000.

Until and unless the Section 108 funding is assumed by a private developer, CDD shall pay debt service for the Section 108 for 16 years using up to \$1,220,000 per year or a total of \$19.52 million in future program year CDBG funds and the City's share of Assembly Bill (AB) 1290 funds from a total of seven project areas in the South Los Angeles Region with the minimum amount of AB1290 funds pledged to be \$229,000 per year (approximately \$3.7 million) and the maximum to be \$356,000 per year (up to \$4.6 million), subject to the annual allocations by the Mayor and City Council, and the guarantees by the Former Agency. CDD retained \$2,428,000 of the federal funds to service an Interest Reserve Account to pay the interest only on the Section 108 funds for a period of about four years and to pay for costs of issuance fees upon conversion of the Section 108 from currently variable interest rate to a fixed interest rate.

Pursuant to the agreement, the Former Agency had provided a first deed of trust in the acquired properties as collateral. The Former Agency had also agreed to replenish the Interest Reserve Account in the event the Interest Reserve Account balance is reduced below \$243,000. At the request of CDD, the Former Agency shall deposit funds with CDD, within 30 days of CDD's written request thereof, in the amount of four quarters of estimated interest payments calculated at the then current three-month LIBOR rate plus the pass-through of the HUD required spread. The Former Agency's obligation to replenish the Interest Reserve Account shall terminate upon the earlier of CDD's conversion of the Section 108 funds to a fixed rate loan or the repayment of the outstanding Section 108 funds.

Pursuant to the same agreement, the Former Agency guaranteed to make available Annual AB1290 Pledge in the event the South Los Angeles Project areas fail to generate sufficient AB1290 funds. The Former Agency shall pay CDD an amount equal to the difference between the Annual AB1290 Pledge amount and the AB1290 funds actually paid to CDD for such year. The obligation to make payments under the agreement shall terminate upon the earlier of the repayment by CDD or private developer of the outstanding Section 108 funds or City Council's approval of an alternative funding source to the AB1290 funds.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

The total Section 108 funds spent for acquisition of the Project sites amounted to \$11,023,000. Since the obligations are limited to the above guarantees and collateral, the Section 108 funds were not reflected as long-term debt in the statement of fiduciary net position.

North Hollywood HUD Section 108 Loan

The City provided the Former Agency in fiscal year 2004, a \$14,000,000 Section 108 loan to partially fund acquisition and relocation costs on the NOHO Commons in the North Hollywood Redevelopment Project area. The loan agreement allows the Former Agency to assign the loan to the developer.

Subsequently, the loan assignment was effected retroactively to August 27, 2004. As a condition of the developer's assumption of the loan, the Former Agency conveyed Subarea B of the NOHO Commons and executed a note payable to the developer, at an interest rate of six percent. The note, which is secured by a pledge of the NOHO Commons' site-specific tax increment revenues, was executed to reimburse certain project costs paid for in advance by the developer. In addition, the Former Agency has pledged to the developer the site-specific tax increment revenues on the NOHO Commons to the extent that the developer's annual return on investment rate is less than 10 percent. These pledges to the developer are subordinate to the North Hollywood Project's existing and future senior-lien bonds and the area-wide tax increment pledge to the City.

Although there has been an assignment of the loan to the developer, the Former Agency will maintain its pledge to the City of area-wide tax increment revenues as security for the full \$14,000,000 loan. However, this area-wide tax increment pledge is subordinate to the North Hollywood Project's existing and future senior-lien bonds. The loan is further secured by an unconditional guaranty of payment not to exceed \$12,307,000. J.H. Snyder Company, a company related to the developer issued the guaranty.

Slauson Shopping Center

The Disposition and Development Agreement for the development of the Slauson Shopping Center (Center) between Slauson Central LLC (the developer) and the Former Agency provides for the developer to enter into a loan agreement with the City in the amount of \$2,005,000 as a condition of conveyance of the property to be acquired by the Former Agency and conveyed to the developer. This loan will be secured by deed of trust on the property from the developer to the City, subordinate only to the permanent financing on the property. The Former Agency had executed a cooperation agreement with the City for use of Section 108 funds and had also pledged site-specific tax increment on the Center to the City for use in repayment of Section 108 Loan funds borrowed by the developer for the Center (note 3-F). This pledge is subordinate to the redevelopment project area's existing and future senior-lien tax increment bonds. The developer will be responsible for the annual repayment of this loan if City site-specific tax revenue allocated to the Center and the CRA/LA-DLA's pledged site-specific tax increment revenue are insufficient to service the loan.

CalPERS Service Credit Prior to Membership

In 2007, the Former Agency received a claim from 17 former temporary employees alleging they were not timely and properly enrolled in CalPERS; there are currently 39 claimants as of June 30, 2013. Management has engaged in extensive discussions with Union representatives to resolve this matter. The service cost has been determined to be \$229,000 for eight current/former employees; management intends to reimburse these eight individuals for their prior purchases of service credit. The remaining individuals are in the process of verifying service credit with CalPERS. The potential exposure is believed to be under \$500,000 for these remaining employees.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

Los Angeles Unified School District and Los Angeles Community College School District

The Los Angeles Unified District (LAUSD) filed a Writ of Mandate in which it named the County of Los Angeles, more than 50 cities, former redevelopment agencies (now successor agencies), and special districts as defendants and real parties in interest. LAUSD alleged that the County incorrectly apportioned tax increment pass throughs paid by former redevelopment agencies pursuant to the HSC. The Superior Court heard the case on October 17, 2008 and issued its judgment in favor of the County. LAUSD filed its notice of appeal. In January 2010, the Court of Appeals reversed the Superior Court's decision.

The case was returned to the Superior Court for the determination of the proper method for apportioning tax increment funds and LAUSD's claim for damages. On July 3, 2012, the Superior Court issued a Writ of Mandate Granting Retrospective Relief and a judgment was entered. The Writ and Judgment require the County and successor agencies, including CRA/LA-DLA, to recalculate the amount of property tax funds to which LAUSD is entitled from fiscal year 2004 through January 31, 2012. To date the recalculation by successor agencies has not been done since the County's calculation and supporting information is required; LAUSD has objected to the methodology adopted by the Superior Court in the Judgment. By statute, the unpaid balances accrue interest at the rate of 7% per year. The recalculated payments are to be made through the ROPS. Los Angeles Community College School District has also filed a similar case addressing the same issues as LAUSD. This case is presently pending before the same Court and has been stayed pending resolution of the LAUSD case. CRA/LA-DLA has retained \$9,000,000 through the Other Funds and Accounts (OF&A) Due Diligence Review (DDR) process to pay any contingent liability related to the LAUSD and Los Angeles Community College School District cases.

Independent Living Center of Southern California

Independent Living Center of Southern California and its co-plaintiffs sued the City and the Former Agency based on the City's and Former Agency's purported failure to provide adequate accessible housing to the disabled in alleged violation of Section 504 of the Rehabilitation Act, Title II of the Americans with Disabilities Act ("ADA"), and California Government Code section 11135. The case involves a portfolio of sixty-one housing projects which received federal funding from the City and Former Agency. The sixty-one project owners have been joined in the suit as necessary parties. Plaintiffs have requested injunctive relief from the court through which the CRA/LA-DLA and the City would be required to ensure that any of the sixty-one federally funded housing projects not currently meeting federally accessibility standards would be brought into compliance with the federal standards. If the court finds for plaintiffs, payment for the costs of any required retrofitting may be shared between the City and CRA/LA-DLA, as well as potentially including contributions from the housing project owners. At this point, any cost for retrofitting accessible units is speculative in that each housing development needs to be surveyed to assess its compliance and costs for remediation need to be determined. CRA/LA-DLA's portion of any costs for required retrofitting cannot be determined as of the date of this report.

Plaintiffs have also made an attorneys' fee claim and have asserted a damage claim due to a need to "divert resources" to assist their clients in finding accessible housing. The amount of any attorneys' fees CRA/LA-DLA may be required to pay cannot be determined until the case is resolved. In the event CRA/LA-DLA's defenses are unsuccessful, any attorneys' fees claim from plaintiffs will be fully documented as well as potentially shared between the City and CRA/LA-DLA. Plaintiffs' damage claim is speculative and also cannot be assessed until plaintiffs have documented their alleged activities.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

Other Litigation

A number of claims are pending against the CRA/LA-DLA for writs of mandamus, injunctive relief and related fees, and for alleged damages to persons and/or property for other alleged liabilities arising out of matters usually incident to the operation of a large redevelopment agency. Included among such claims are actions under Housing and Urban Development and Americans with Disabilities Act regulations and related federal investigations concerning compliance with such regulations. Outcome of these lawsuits and claims are subjected to uncertainties and the potential liability cannot be determined as of the date of this report.

Third-Party Indebtedness

Prior to its dissolution, it was the Former Agency's policy to encourage redevelopment activities undertaken by the private sector. To this end, the Former Agency had authorized the issuance of tax-exempt long-term financing for activities which promote redevelopment within the City. Such debt instruments are collateralized by private sector assets and are payable solely from the respective revenues generated thereon. Since this indebtedness is not a liability of CRA/LA-DLA it does not appear in the accompanying financial statements. As of June 30, 2013, the balance of long-term tax-exempt third-party indebtedness was \$112,315,000 as shown on page 43.

J. California Redevelopment Agencies Dissolution

As discussed in Note 1, on December 29, 2011, the California Supreme Court upheld AB 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. AB 1X26 provides that upon dissolution of a redevelopment agency, either the city or another unit of local government may agree to serve as the Successor Agency to hold the assets until they are monetized and/or distributed to other units of state and local government. On January 11, 2012, the City Council elected not to become the Successor Agency for the former redevelopment agency as part of City Council File No. 12-0049. On January 25, 2012, the City Council instead adopted Council File 12-0002-S3, to assume only the housing functions and activities of the Former Agency, excluding any amount on deposit in the Low and Moderate Income Housing Fund. Subsequently, and as authorized by State Law, the Governor appointed three County residents to serve as the Designated Local Authority (DLA) and CRA/LA-DLA was duly established on February 3, 2012 to serve as the Successor Agency. On February 1, 2012, net assets of the Former Agency in the amount of \$97,391,000 were transferred to the newly formed CRA/LA-DLA.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California are prohibited from entering into new agreements, 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 property taxes in the amount that is necessary to pay approved scheduled payments until all enforceable obligations of the Former Agency have been paid in full and all assets have been liquidated.

AB 1X26 further directs the State Controller 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 Successor Agency.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

Furthermore, pursuant to AB 1X26, all agreements between the City and the Former Agency are invalidated and are not enforceable obligations [HSC Section 34171(d)(2)]. To the extent that any of the invalidated City agreements were loan agreements, AB 1X26 provides a process for such loan agreements to be reinstated as enforceable obligations on a future ROPS. However, CRA/LA-DLA must first secure a finding of completion from DOF and subsequently, the Oversight Board must adopt a resolution (subject to DOF approval) that the loan agreements to be reinstated were for legitimate redevelopment purposes. Such reinstated loan agreements are required to be redocumented, with the accumulated interest recalculated from the origination at the Local Agency Investment Fund rate and payment terms subject to additional conditions [HSC Section 34191.4(b)].

Outcome of the True-up Process

HSC Section 34183.5(b) requires that residual property tax distributed to the Former Agency in the months of November 2011, December 2011 or January 2012 be subject to distribution through a “true-up” process set forth in AB 1X26. As a result, the County AC conducted a review and calculated residual balance amounts owed by the Successor Agency to the affected taxing entities. The County AC determined that the total residual property tax due by CRA/LA-DLA was \$51,834,000. A Notice of Demand for Payment for this amount was issued on July 9, 2012.

Results of the Due Diligence Reviews

In connection with the dissolution of the former redevelopment agencies, new procedures were implemented for reviewing available cash assets in accordance with HSC Section 34179.5. The DDR is to be conducted during Fiscal Year 2012-13 for 1) the Low and Moderate Income Housing Fund (LMIHF) and 2) the OF&A by each successor agency. The DDR is intended to determine the amount of unrestricted cash and cash equivalents available for distribution to the affected taxing entities.

The CRA/LA-DLA submitted the Oversight Board-approved LMIHF DDR to DOF on October 12, 2012. DOF issued a final determination letter on December 15, 2012; CRA/LA-DLA remitted a payment of \$35,674,000 to the County AC on December 21, 2012.

The Oversight Board-approved OF&A DDR was submitted by the CRA/LA-DLA to DOF on January 29, 2013. DOF completed its review and issued a final determination letter on August 19, 2013. CRA/LA-DLA remitted a payment of \$75,651,000 to the County AC on August 21, 2013. This amount was accrued in fiscal year 2013 and reported as accounts payable in the statement of fiduciary net position.

Grant Funding

In its previous capacity, the Former Agency successfully secured a variety of federal, state, local and private grant resources to support redevelopment activities throughout the City. At the time of dissolution, the Former Agency had an active grant portfolio that included 86 awarded grants totaling approximately \$164.9 million in external resources. These grant resources supported vital investments in public infrastructure and open space, commercial and residential development, environmental remediation, planning efforts and other critical activities and projects.

In order to serve the dual purpose of winding down the Former Agency’s redevelopment activities and reducing administrative costs in an expeditious manner, while also preserving the external grant resources within the City, CRA/LA-DLA’s staff identified City departments capable of assuming the responsibility to implement these grants if transferred.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Financial Statements

June 30, 2013

NOTE 3 - OTHER INFORMATION (continued)

Following a discussion with representatives from CRA/LA-DLA and the City, DOF issued a letter on January 20, 2013, confirming that external grant proceeds (not withstanding any Former Agency matching funds) were restricted assets, and not available for distribution to the affected taxing entities. Per DOF, the transfer of these grant proceeds, along with the grant administration responsibilities, to another entity would be consistent with the wind down of the former redevelopment agency. CRA/LA-DLA was successful in resolving the assignment of 16 projects that had executed agreements in place prior to dissolution.

K. Subsequent Events

Subsequent events were evaluated through May 16, 2014, which is the date the financial statements were available to be issued.

Tax Allocation Bond Refunding

On June 27, 2013, the California Legislature passed Assembly Bill 1484, which clarified the Dissolution Legislation to expressly permit Successor Agencies to refund the outstanding bonds of a former redevelopment agency to achieve cost savings. Subsequently, the County of Los Angeles developed its Redevelopment Bond Refunding Program to assist local Successor Agencies with the refinancing of their outstanding bonds. On August 1 and 8, 2013, the Governing and Oversight Boards, respectively, approved CRA/LA-DLA's participation in the County's inaugural 2013 refunding bond pool. CRA/LA-DLA identified seven tax allocation bonds with original par value of \$104,440,000 for immediate refunding. In December 2013, the County successfully closed the first pool of refunding bonds which included CRA/LA's seven tax allocation bonds. The gross debt service savings, net present value, is \$8,152,000 and will be realized over the life of the bonds. The savings will benefit the local taxing entities that receive a share of the property tax associated with the Successor Agency's Redevelopment RPTTF.

Long Range Property Management Plan

Pursuant to Health & Safety Code Section 34191.5(b), the Successor Agency must prepare a long range property management plan which addresses the disposition and use of the real properties of the Former Agency and submit the board approved plan to DOF for approval no later than six months following the issuance of a Finding of Completion by DOF. The DOF issued a Finding of Completion on September 10, 2013. On November 7, 2013 and November 12, 2013, the Governing Board and Oversight Board, respectively, approved the submission of the Long Range Property Management Plan (LRPMP) to the DOF to review and approve the plan to dispose of real property interests. On February 27, 2014, DOF partially approved the plan to dispose of the assets of governmental purpose and approved the plan to dispose of certain properties and property interests pursuant to enforceable obligations.

Legal Action by the City

On August 6, 2013, the City filed a claim for repayment of approximately \$50,700,000 in no-term CDBG obligations. The claim was denied by CRA/LA-DLA on September 5, 2013. CRA/LA-DLA has been made aware of a suit filed on March 5, 2014 in the Sacramento Superior Court by the City naming CRA/LA-DLA as the defendant. CRA/LA-DLA has not been served in this matter and as such an analysis of any potential liability of CRA/LA-DLA is premature.

REQUIRED SUPPLEMENTARY INFORMATION

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information
Schedule of Funding Progress

June 30, 2013
(In Thousands)

Employees' Pension Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>(Overfunded) Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Projected Covered Payroll</u>	<u>(Overfunded) Unfunded AAL as a Percentage of Projected Covered Payroll</u>
6/30/10	\$ 158,726	\$ 184,648	\$ 25,922	86.0%	\$ 26,228	98.8%
6/30/11	170,087	205,091	35,004	82.9%	22,391	156.3%
6/30/12	145,517	216,815	71,298	67.1%	20,615	217.7%

Other Postemployment Benefits

<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>(Overfunded) Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Projected Covered Payroll</u>	<u>(Overfunded) Unfunded AAL as a Percentage of Projected Covered Payroll</u>
7/1/2010 *	\$ -	\$ 55,374	\$ 55,374	0.0%	\$ 26,640	207.86%
7/1/2011	-	58,979	58,979	0.0%	22,391	263.40%
7/1/2012	-	41,822	41,822	0.0%	20,615	202.87%

* Actuarial Valuation for fiscal year 2011 was based on the valuation study prepared by the actuary dated January 18, 2011.

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Schedule of Third-Party Indebtedness

June 30, 2013
(In Thousands)

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	Balance Outstanding	
Qualified Redevelopment Bonds, 2002 Refunding Series A - Grand Central Square	4/15/2002	12/1/2026	2.50% - 5.375%	\$ 20,825	\$ 15,085	1/
Lease Revenue Bonds, Series 2005 Vermont Manchester Social Services Project	7/28/2005	9/1/2037	5.00%	98,920	90,685	
Multifamily Housing Revenue Refunding Bonds 2007 Series B Grand Central Square	6/21/2007	12/1/2026	4.00-5.00%	<u>8,615</u>	<u>6,545</u>	1/
Total				<u>\$ 128,360</u>	<u>\$ 112,315</u>	

1/ Bonds are 100% secured by Proposition A sales tax revenues received by the MTA.

See accompanying independent auditor's report.

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

*Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California*

We have audited, in accordance with the 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, the financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise CRA/LA-DLA's basic financial statements, and have issued our report thereon dated May 16, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA/LA-DLA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA/LA-DLA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA/LA-DLA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

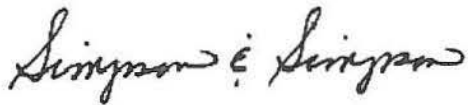
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA/LA-DLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

May 16, 2014
Los Angeles, California

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APPENDIX D

SUMMARY OF TRUST AGREEMENT

The following summary discussion of selected provisions of the 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, a copy of which is 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 CRA/LA, a Designated Local Authority and Successor Agency to the Community Redevelopment Agency of the City of Los Angeles.

“Agency Indenture” shall mean, as the context requires, each or all of the indentures and/or supplements executed and delivered by a successor agency participating the Refunding Program with respect to the Bonds issued under the Trust Agreement, as defined in 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, including the Series 2014C Bonds and the Series 2014D Bonds.

“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 interest on the Insured Series 2014C Bonds.

“Bond Insurer” or **“AGM”** 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 2014C Bonds, when due.

“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.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations issued 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 October 1, 2014, between the Authority and the CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, 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 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 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 each 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 applicable 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, collectively, the Insured Series 2014C Bonds and the Bond maturities identified as Insured Bonds in the Trust Agreement.

“Insured Series 2014C Bonds” shall mean the (i) serial County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds, Series 2014C (Tax Exempt) maturing on June 1 in the years 2025, 2026 and 2027 and December 1, 2025, 2026 and 2027, and (ii) term County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds, Series 2014C (Tax Exempt) maturing on December 1, 2028.

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

“Interest Payment Date” shall mean June 1 and December 1 in each year, commencing, with respect to the Bonds, on June 1, 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):

- (i) \$148,640,000 original principal amount of CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project, Tax Allocation Refunding Bonds, Series M (the “Series M Local Obligations”); and
- (ii) \$22,440,000 original principal amount of CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles Bunker Hill Project, Tax Allocation Refunding Bonds, Series N (Federally Taxable) (the “Series N Local Obligations”).

“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 (including mandatory sinking fund payments) due on such date, if any.

“Principal Payment Date” shall mean (a) with respect to the Bonds, any June 1 and December 1 on which principal of any Series of Bonds is scheduled to be paid, (b) with respect to the Series 2014C Bonds, any June 1 and December 1 on which principal of the Series 2014C Bonds is scheduled to be paid, commencing on June 1, 2015 with respect to the Series 2014C Bonds, and (c) with respect to the Series 2014D Bonds, any December 1 on which principal of any Series 2014D Bonds is scheduled to be paid, commencing on December 1, 2015 with respect to the Series 2014D Bonds.

“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 Tax Certificate relating to the Series 2014C Bonds.

“Rebate Requirement” shall mean the Rebate Requirement defined in the Tax Certificate relating to the Series 2014C Bonds.

“Record Date” shall mean the close of business on the fifteenth (15th) 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.

“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 relating to the Series 2014C Bonds.

“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.

“Series M Local Obligations” shall have the meaning ascribed thereto in the definition of “Local Obligations” in the Trust Agreement.

“Series N Local Obligations” shall have the meaning ascribed thereto in the definition of “Local Obligations” in the Trust Agreement.

“Series 2014C Bonds” shall mean the County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds, Series 2014C (Tax Exempt), delivered pursuant to the Trust Agreement.

“Series 2014D Bonds” shall mean the County of Los Angeles Redevelopment Refunding Authority Tax Allocation Revenue Refunding Bonds, Series 2014D (Federally Taxable), delivered pursuant to the Trust Agreement.

“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 of the Series 2014C Bonds, including the requirements of Section 148 of the Code, signed by the Authority and the Agency on the date the Series 2014C 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 Series 2014C 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 October 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. Registered ownership of the Bonds, or any portion thereof, may not thereafter be except 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. (a) 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.

(b) 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.

(c) 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 redemption provisions of the Trust Agreement, subject to the terms of the purchase in lieu of redemption provisions of the Trust Agreement.

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 each Agency Trustee for deposit in the Tax Allocation Fund (or similarly purposed fund if named differently) in proportion to the original amount deposited in the Cost of Issuance Fund by the 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 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 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 to transfer to an account of the Agency, 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 related 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 Local Obligations"). If at any time the Authority or the related Agency, as the case may be, shall request the consent of the Trustee to any such proposed amendment, change or modification of a related 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 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 Series 2014C 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 Owners 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 who 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, but subject to the provisions of the Trust Agreement as described under the heading “MISCELLANEOUS – Bond Insurance Payment and Reimbursement Provisions,” 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 Trust Agreement as described under the heading “MISCELLANEOUS – Bond Insurance Payment and Reimbursement Provisions,” 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 provisions in this paragraph are 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 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.

Such provisions are 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) Subject to the provisions of the Trust Agreement as described under the heading "MISCELLANEOUS – Bond Insurance Payment and Reimbursement Provisions," 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) Subject to the provisions of the Trust Agreement as described under the heading “MISCELLANEOUS – Bond Insurance Payment and Reimbursement Provisions,” 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 AGREEMENTS

Supplemental Trust Agreements 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 this heading (“– Supplemental Trust Agreements 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 Agreements 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 redemption provisions of the Trust Agreement, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the provisions of the Trust Agreement, (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.

The Trustee shall designate any portion of payment of principal on Insured Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, 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 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 hereof 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 herein 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 Owners 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 Series 2014C 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 Series 2014C 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 Series 2014C 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 Series 2014C 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 the 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 “Baa1” or “BBB+” by either Moody’s or S&P, a replacement counterparty or guarantor, acceptable to the Bond Insurer, shall be required.

APPENDIX E

FORM OF OPINIONS OF BOND COUNSEL

Upon delivery of the Series 2014 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, proposes to render its final opinions in substantially the following forms with respect to each Series of 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 2014C (Tax Exempt)
(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 2014C (Tax Exempt) (the “Series 2014C Bonds”), in the aggregate principal amount of \$148,640,000, issued pursuant to a Trust Agreement relating to the Series 2014C Bonds, dated as of October 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 October 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C Bonds is exempt from State of California personal income taxes. Interest on the Series 2014C 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 2014C Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

[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 2014D (Federally Taxable)
(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 2014D (Federally Taxable) (the “Series 2014D Bonds”), in the aggregate principal amount of \$22,440,000, issued pursuant to a Trust Agreement relating to the Series 2014D Bonds, dated as of October 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 October 1, 2014 (the “Agency Indenture”) by and between the Agency Participant and U.S. Bank National Association, as trustee, the Trust Agreement, 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 2014D 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 and the Agency Indenture.

We call attention to the fact that the rights and obligations under the Series 2014D Bonds, the Trust Agreement, the Local Obligations and the Agency Indenture 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 2014D 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 2014D 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 2014D Bonds is exempt from State of California personal income taxes. 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 2014D Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX F

STATE DEPARTMENT OF FINANCE LETTER

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**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

September 29, 2014

Mr. Steve Valenzuela, Chief Executive Officer
CRA/LA – A Designated Local Authority
448 S. Hill Street, Suite 12/F
Los Angeles, CA 90013

Dear Mr. Valenzuela:

Subject: Approval of Oversight Board Action

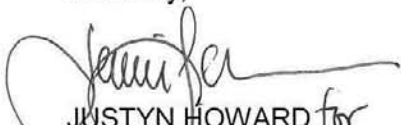
The City of Los Angeles Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 30, 2014 Oversight Board (OB) resolution on July 31, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 14-12 approving the issuance and sale of tax allocation refunding bonds is approved. Specifically, the Agency is refunding the Bunker Hill Project Tax Allocation Refunding Bonds, 1993 Series H and the Bunker Hill Subordinate Lien Tax Allocation Refunding Bonds, 2004 Series L. This approval is specifically conditioned on the understanding that no refunding bonds will be issued unless such bonds meet the limitations in HSC section 34177.5 (a). Any debt service obligations listed in a Recognized Obligation Payment Schedule stemming from bonds issued not in compliance with that section will not be approved by Finance.

This is our determination with respect to the OB action taken.

Please direct inquiries to Cindie Lor, Supervisor, or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,


JUSTYN HOWARD for
Acting Program Budget Manager

cc: Ms. Daisy Pan, Special Projects Officer, CRA/LA – Designated Local Authority
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
Mr. Douglas Baron, Director, Los Angeles County Finance and Investments
California State Controller's Office

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FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of October 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 CRA/LA, A DESIGNATED LOCAL AUTHORITY AND SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, 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 Community Redevelopment Agency of the City of Los Angeles, the “Agency”), in connection with the issuance of the Authority’s Tax Allocation Revenue Refunding Bonds, Series 2014C (Tax Exempt) (the “Series 2014C Authority Bonds”) and the Authority’s Tax Allocation Revenue Refunding Bonds, Series 2014D (Federally Taxable) (the “Series 2014D Authority Bonds” and, together with the Series 2014C Authority Bonds, the “Authority Bonds”), pursuant to a Trust Agreement, dated as of October 1, 2014 (the “Trust Agreement”), between the Authority and U.S. Bank National Association, as trustee (the “Authority Trustee”).

WITNESSETH:

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 Bunker Hill Project, Tax Allocation Refunding Bonds, Series M and its Bunker Hill Project, Tax Allocation Refunding Bonds, Series N (Federally Taxable) (together, the “Refunding Bonds”) pursuant to an Indenture of Trust, dated as of October 1, 2014 (the “Indenture”), by and between the Agency and Trustee, as trustee (the “Agency Trustee”), as amended or supplemented from time to time 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 CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

“Agency Trustee” means U.S. Bank National Association, as trustee under the Indenture, or any trustee 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.

“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 Chairman, Chief Executive Officer or Chief Accounting Officer or other officer as the Agency 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 October 22, 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 60 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. Content of Annual Reports. 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-3 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-4 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-5 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-6 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) An update of the residual RPTTF revenues (as defined in the Official Statement) substantially in the format of Table A-1 of Appendix A to the Official Statement for the most recent fiscal year.

(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. Format for Filings with MSRB. 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. Termination of Reporting Obligation. 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: _____

**CRA/LA, A DESIGNATED LOCAL
AUTHORITY AND SUCCESSOR AGENCY
TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE
CITY OF LOS ANGELES**

By: _____

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 Issues: County of Los Angeles Redevelopment Refunding Authority
Tax Allocation Revenue Refunding Bonds,
Series 2014C (Tax Exempt)

County of Los Angeles Redevelopment Refunding Authority
Tax Allocation Revenue Refunding Bonds,
Series 2014D (Federally Taxable)

Obligated Person: CRA/LA, a Designated Local Authority and Successor Agency to The
Community Redevelopment Agency of the City of Los Angeles

Date of Issuance: October 30, 2014

NOTICE IS HEREBY GIVEN that the CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles (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 October 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 CRA/LA, a Designated Local
Authority and Successor Agency to The
Community Redevelopment Agency of the City
of Los Angeles

cc: CRA/LA, a Designated Local Authority and Successor Agency to The Community Redevelopment Agency of the City of Los Angeles

EXHIBIT B

INFORMATION TO BE ASSEMBLED BY THE

COUNTY OF LOS ANGELES REDEVELOPMENT REFUNDING AUTHORITY,

relating to the

CRA/LA, a Designated Local Authority and Successor Agency to
The Community Redevelopment Agency of the City of Los Angeles
Bunker Hill Project
Tax Allocation Refunding Bonds
Series M and Series N (Federally Taxable)

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 assesseees in substantially the format of Table A-3 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-4 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-5 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-6 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) An update of the residual RPTTF revenues (as defined in the Official Statement) substantially in the format of Table A-1 of Appendix A to the Official Statement for the most recent fiscal year.

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APPENDIX H

BOOK-ENTRY ONLY SYSTEM

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.

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

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)

