

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

Chairman Tim Spohn
Vice Chairman Jeff Parriott
Board Member John P. Ferrero
Board Member Roy Haber, III
Board Member Pat Marcellin

REGULAR MEETING AGENDA MAY 14, 2015 at 9:00 A.M.*

(Immediately following the conclusion of the City Council Meeting)

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the Authority:

- ▶ **Agenda Items:** *Members of the public may address the Authority on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Authority.*

- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Authority on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Authority from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called by the City Clerk and prior to the individual being heard by the Authority.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 72 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*

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1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments
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5. **BOARD MATTERS**

5.1 Consideration of the minutes of the February 12, 2015 regular meeting.

RECOMMENDED ACTION: Approve as submitted.

5.2 Consideration of Resolution No. PFA 2015-01 – A RESOLUTION OF THE INDUSTRY PUBLIC FACILITIES AUTHORITY OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING A BUDGET FOR THE FISCAL YEAR 2015-2016.

RECOMMENDED ACTION: Adopt Resolution No. PFA 2015-01.

5.3 Consideration of Resolution No. PFA 2015-02 - A RESOLUTION OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY APPROVING FORMS OF PRELIMINARY OFFICIAL STATEMENTS, CONTINUING DISCLOSURE AGREEMENTS AND BOND PURCHASE AGREEMENTS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY'S TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (CIVIC-RECREATIONAL INDUSTRIAL REDEVELOPMENT PROJECT NO. 1), TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2) AND TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3), AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO.

RECOMMENDED ACTION: Adopt Resolution No. PFA 2015-02.

6. Adjournment.

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.1

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
FEBRUARY 12, 2015
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CALL TO ORDER

The Regular Meeting of the Public Facilities Authority of the City of Industry, California, was called to order by Chairman Tim Spohn at 9:13 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Chairman Tim Spohn.

ROLL CALL

PRESENT: Tim Spohn, Chairman
Roy Haber, Board Member
John P. Ferrero, Board Member
Jeff Parriott, Board Member
Pat Marcellin, Board Member

STAFF PRESENT: Kevin Radecki, Executive Director; Michele Vadon, Legal Counsel; and Jodi L. Scrivens, Secretary.

PUBLIC COMMENTS

There were no public comments.

CONSIDERATION OF THE MINUTES OF THE DECEMBER 11, 2014 REGULAR MEETING.

MOTION BY BOARD MEMBER FERRERO, AND SECOND BY BOARD MEMBER HABER TO APPROVE THE MINUTES AS SUBMITTED. MOTION CARRIED 5-0.

CONSIDERATION OF STATEMENT OF INVESTMENT POLICY

MOTION BY BOARD MEMBER HABER, AND SECOND BY BOARD MEMBER MARCELLIN TO APPROVE AS SUBMITTED. MOTION CARRIED 5-0.

CONSIDERATION OF ANNUAL AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

MOTION BY BOARD MEMBER FERRERO, AND SECOND BY BOARD MEMBER HABER

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY
REGULAR MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
FEBRUARY 12, 2015
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TO APPROVE, RECEIVE AND FILE AS SUBMITTED. MOTION CARRIED 5-0.

CONSIDERATION OF INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

MOTION BY BOARD MEMBER FERRERO, AND SECOND BY BOARD MEMBER PARRIOTT TO APPROVE, RECEIVE AND FILE AS SUBMITTED. MOTION CARRIED 5-0.

CONSIDERATION OF AUDITOR'S COMMUNICATIONS WITH THE BOARD OF DIRECTORS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

MOTION BY BOARD MEMBER PARRIOTT, AND SECOND BY BOARD MEMBER HABER TO APPROVE, RECEIVE AND FILE AS SUBMITTED. MOTION CARRIED 5-0.

CONSIDERATION OF CONTINUING ANNUAL DISCLOSURE REPORT

MOTION BY BOARD MEMBER PARRIOTT, AND SECOND BY BOARD MEMBER FERRERO TO APPROVE, RECEIVE AND FILE AS SUBMITTED. MOTION CARRIED 5-0.

ADJOURNMENT

There being no further business, the Industry Public Facilities Authority adjourned.

TIM SPOHN, CHAIRMAN

CECELIA DUNLAP,
ASSISTANT SECRETARY

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.2

RESOLUTION NO. PFA 2015-01

A RESOLUTION OF THE INDUSTRY PUBLIC FACILITIES AUTHORITY OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING A BUDGET FOR THE FISCAL YEAR 2015-16.

THE INDUSTRY PUBLIC AUTHORITY OF THE CITY OF INDUSTRY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Industry Public Facilities Authority Budget for the fiscal year 2015-16 is hereby approved.

Section 2. The Secretary shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 14th day of May 2015.

Tim Spohn
Chairman

ATTEST:

Cecelia Dunlap
Assistant Secretary

**Industry
Public Facilities
Authority
Proposed Budget**

Fiscal Year 2015-2016

INDUSTRY PUBLIC FACILITIES AUTHORITY
PROPOSED ANNUAL BUDGET
FISCAL YEAR 2015-16

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INDUSTRY PUBLIC FACILITIES AUTHORITY
 PROJECTED CASH AND INVESTMENT AVAILABLE BALANCES
 PROPOSED BUDGET 2015-2016

	PROJECTED AVAILABLE BALANCE JUNE 30, 2015	PROPOSED REVENUES 2015-2016	PRINCIPAL COLLECTIONS ON INVESTMENT IN BONDS AND NOTES RECEIVABLE 2015-2016	PROPOSED EXPENSE 2015-2016	TRANSFERS IN FROM OTHER FUNDS 2015-2016	TRANSFERS OUT TO OTHER FUNDS 2015-2016	NON CASH ITEMS	PROJECTED AVAILABLE BALANCE JUNE 30, 2016
440 INDUSTRY PUBLIC FACILITIES AUTHORITY	\$ 848,139	\$ 5,192,850	\$ 11,775,000	\$ (17,350,420)	\$ 11,200	\$ -	\$ 373,150	\$ 849,919
PROJECTED ENDING CASH AND INVESTMENT BALANCES	<u>\$ 848,139</u>	<u>\$ 5,192,850</u>	<u>\$ 11,775,000</u>	<u>\$ (17,350,420)</u>	<u>\$ 11,200</u>	<u>\$ -</u>	<u>\$ 373,150</u>	<u>\$ 849,919</u>

INDUSTRY PUBLIC FACILITIES AUTHORITY
 PROPOSED ANNUAL BUDGET
 REVENUES
 FISCAL YEAR 2015-16

		ADOPTED BUDGET 2013-14	AMENDED BUDGET 2013-14	ACTUAL 2013-14	ADOPTED BUDGET 2014-15	ACTUAL 03/31/15	PROPOSED BUDGET 2015-16
REVENUES							
4300.03	INTEREST INCOME	\$ 7,566,450	\$ 7,566,450	\$ 6,347,525	\$ 4,874,450	\$ 2,437,408	\$ 4,255,150
4420	LEASE INCOME	950,700	950,700	939,763	938,000	943,388	937,700
	TOTAL REVENUES	<u>\$ 8,517,150</u>	<u>\$ 8,517,150</u>	<u>\$ 7,287,288</u>	<u>\$ 5,812,450</u>	<u>\$ 3,380,796</u>	<u>\$ 5,192,850</u>

INDUSTRY PUBLIC FACILITIES AUTHORITY
 PROPOSED ANNUAL BUDGET
 EXPENDITURES
 FISCAL YEAR 2015-16

	ADOPTED BUDGET 2013-14	AMENDED BUDGET 2013-14	ACTUAL 2013-14	ADOPTED BUDGET 2014-15	ACTUAL 3/31/2015	PROPOSED BUDGET 2015-16
EXPENDITURES						
5120.01	\$ -	\$ -	\$ -	\$ -	\$ 2,750	\$ 2,800
5120.03	15,000	15,000	11,880	13,000	10,018	4,100
5710	373,144	373,144	373,144	373,144	373,144	373,150
5790	300	300	133	200	-	-
9450.16	965,000	965,000	965,000	-	-	-
9450.17	11,920,000	11,920,000	11,920,000	12,235,000	-	12,590,000
9450.18	705,000	705,000	705,000	730,000	730,000	750,000
9451.16	1,338,400	1,338,400	1,338,316	-	-	-
9451.17	4,329,400	4,329,400	4,329,387	3,897,288	1,948,644	3,438,480
9451.18	235,063	235,063	235,062	213,538	213,538	187,590
9452	-	-	446,881	-	21,500	-
9750	5,500	5,500	7,625	7,100	2,800	4,300
TOTAL EXPENSES	<u>\$ 19,886,807</u>	<u>\$ 19,886,807</u>	<u>\$ 20,332,428</u>	<u>\$ 17,469,270</u>	<u>\$ 3,302,394</u>	<u>\$ 17,350,420</u>

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.3

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

STAFF REPORT

RECOMMENDED ACTION

That the Board of the City of Industry Public Facilities Authority adopt:

A RESOLUTION OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY APPROVING FORMS OF PRELIMINARY OFFICIAL STATEMENTS, CONTINUING DISCLOSURE AGREEMENTS AND BOND PURCHASE AGREEMENTS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY'S TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1), TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2) AND TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3), AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO

ANALYSIS

The Industry Urban-Development Agency (the "Predecessor Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California). To achieve the aims of the Community Redevelopment Law, a redevelopment plan for the Civic-Recreational-Industrial Redevelopment Project No. 1, the Transportation-Distribution-Industrial Redevelopment Project No. 2, the Transportation-Distribution-Industrial Redevelopment Project No. 3 ("Project No. 3" and, together with Project No. 1 and Project No. 2, the "Project Areas") and Civic-Recreational-Industrial Redevelopment Project No. 4 in the City of Industry, California (the "City") was created.

The Predecessor Agency previously issued certain tax allocation obligations payable from tax increment received by the Predecessor Agency attributable to the respective Project Areas to finance and refinance redevelopment projects for the benefit of each such Project Area (collectively, the Prior Bonds").

On February 1, 2012, the Predecessor Agency was dissolved pursuant to ABx1 26, and pursuant to ABx1 26, the remaining powers, assets and obligations of the Predecessor Agency were transferred to the Successor Agency to the Industry Urban-Development Agency (the "Successor Agency").

Pursuant to three resolutions of the Successor Agency, each adopted on December 12, 2014, the Successor Agency intends to achieve debt service savings by refunding the Prior

Bonds with proceeds of its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015 (Civic-Recreational-Industrial Redevelopment Project No. 1) (the “Successor Agency Project No. 1 Bonds”), Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015 (Transportation-Distribution-Industrial Redevelopment Project No. 2) (the “Successor Agency Project No. 2 Bonds”) and its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015 (Transportation-Distribution-Industrial Redevelopment Project No. 3) (the “Successor Agency Project No. 3 Bonds” and, together with the Successor Agency Project No. 1 Bonds and the Successor Agency Project No. 2 Bonds, the “Successor Agency Bonds”).

The City of Industry Public Facilities Authority (the “Authority”), through the passage of three resolutions, each adopted on December 11, 2014, has determined that it will assist the Successor Agency in refunding the Prior Bonds through the purchase of the Successor Agency Bonds. The Authority, for the purpose of acquiring the Successor Agency Bonds, intends to use the proceeds of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015 (Civic-Recreational-Industrial Redevelopment Project No. 1), (the “Authority Project No. 1 Bonds”), its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015 (Transportation-Distribution-Industrial Redevelopment Project No. 2), (the “Authority Project No. 2 Bonds”) and its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015 (Transportation-Distribution-Industrial Redevelopment Project No. 3) (the “Authority Project No. 3 Bonds” and, together with the Authority Project No. 1 Bonds and the Authority Project No. 2 Bonds, the “Authority Bonds”).

The Authority now desires to approve certain documents listed below in connection with the issuance and sale of the Authority Bonds.

DOCUMENTS TO BE APPROVED

Adoption of the Resolution will authorize the execution and use of the following documents:

Bond Purchase Agreements. A separate form of Bond Purchase Agreement for the Authority Bonds of each Project Area has been provided. Under each of these documents, which will be signed the day the Authority Bonds are priced, Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”) agrees to purchase all of the applicable Authority Bonds from the Authority at an established price to be set forth in each Bond Purchase Agreement. Immediately prior to the execution of the respective Bond Purchase Agreements by the Authority and the Successor Agency, the Underwriter will “price” the Authority Bonds in the public market – that is, to identify the interest rate which the respective Authority Bonds will represent when sold to investors. A final underwriting discount (the Underwriter’s compensation) with respect to each of the respective Authority Bonds will be established at the same time and incorporated into the terms of the Bond Purchase Agreement.

Continuing Disclosure Agreements – A separate form of Continuing Disclosure Agreement for the Authority Bonds of each Project Area has been provided. Pursuant to each

Continuing Disclosure Agreement by and between the Authority and a dissemination agent to be selected by the Authority, the Authority will be obligated to provide certain annual financial and operating information and notices of enumerated events to the Electronic Municipal Market Access (“EMMA”) website for purposes of complying with Rule 15c2-12 (“Rule 15c2-12”) of the U.S. Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

Preliminary Official Statement – A separate form of Preliminary Official Statement for the Authority Bonds of each Project Area has been provided. The Preliminary and final Official Statements describe the terms of the Authority Bonds, including the security for repayment of the Authority Bonds, the prepayment provisions and other material information, statistics, and summaries from the respective indenture relating to the Authority Bonds that prospective purchasers of such Authority Bonds are likely to consider material in making an investment decision.

FISCAL IMPACT:

There is no material fiscal impact of authorizing the previously described documents.

Therefore, staff recommends that the City of Industry Public Facilities Authority approve Resolution No. PFA 2015-02.

RESOLUTION NO. PFA 2015-02

A RESOLUTION OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY APPROVING FORMS OF PRELIMINARY OFFICIAL STATEMENTS, CONTINUING DISCLOSURE AGREEMENTS AND BOND PURCHASE AGREEMENTS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY'S TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1), TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2) AND TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3), AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO

WHEREAS, the Industrial Development Agency of the City of Industry ("IDA") and the City of Industry, California (the "City") have previously authorized the creation of the City of Industry Public Facilities Authority (the "Authority"), pursuant to the laws of the State of California, which Authority is empowered by that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of July 28, 2005, by and between the City and the IDA, to borrow money for the purpose of financing and refinancing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies; and

WHEREAS, the Industry Urban-Development Agency (the "Predecessor Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Health and Safety Code"), and the powers of the Predecessor Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan for the Civic-Recreational-Industrial Redevelopment Project No. 1 ("Project No. 1"), the Transportation-Distribution-Industrial Redevelopment Project No. 2 ("Project No. 2"), the Transportation-Distribution-Industrial Redevelopment Project No. 3 ("Project No. 3") and the Civic-Recreational-Industrial Redevelopment Project No. 4 in the City were each adopted in compliance with all applicable legal requirements; and

WHEREAS, the Predecessor Agency issued the bonds identified in Exhibit A (the "Prior Project No. 1 Bonds") for the purpose of financing certain redevelopment projects and refinancing certain obligations used to finance redevelopment projects within and for the benefit of Project No. 1; and

WHEREAS, the Predecessor Agency issued the bonds identified in Exhibit A (the “Prior Project No. 2 Bonds”) for the purpose of financing certain redevelopment projects and refinancing certain obligations used to finance redevelopment projects within and for the benefit of Project No. 2; and

WHEREAS, the Predecessor Agency issued the bonds identified in Exhibit A (the “Prior Project No. 3 Bonds” and, together with the Prior Project No. 1 Bonds and the Prior Project No. 2 Bonds, the “Prior Bonds”) for the purpose of financing certain redevelopment projects and refinancing certain obligations used to finance redevelopment projects within and for the benefit of Project No. 3; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 to, *inter alia*, dissolve existing redevelopment agencies, including the Predecessor Agency; and

WHEREAS, the California Supreme Court substantially upheld the provisions of ABx1 26 on December 29, 2011, resulting in the dissolution of the Predecessor Agency on February 1, 2012; and

WHEREAS, the remaining powers, assets and obligations of the Predecessor Agency were transferred to the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”) pursuant to ABx1 26 on February 1, 2012; and

WHEREAS, the Successor Agency intends to achieve debt service savings by refunding the Prior Project No. 1 Bonds with the proceeds of its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015 (Civic-Recreational-Industrial Redevelopment Project No. 1) (the “Successor Agency Project No. 1 Bonds”), to be issued in one or more series; and

WHEREAS, the Successor Agency intends to achieve debt service savings by refunding the Prior Project No. 2 Bonds with the proceeds of its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015 (Transportation-Distribution-Industrial Redevelopment Project No. 2) (the “Successor Agency Project No. 2 Bonds”) to be issued in one or more series; and

WHEREAS, the Successor Agency intends to achieve debt service savings by refunding the Prior Project No. 3 Bonds with the proceeds of its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015 (Transportation-Distribution-Industrial Redevelopment Project No. 3) (the “Successor Agency Project No. 3 Bonds” and, together with the Successor Agency Project No. 1 Bonds and the Successor Agency Project No. 2 Bonds, the “Successor Agency Bonds”) to be issued in one or more series; and

WHEREAS, the Authority plans to assist the Successor Agency in the redeeming and defeasing of all of the Prior Bonds through the purchase of the Successor Agency Bonds; and

WHEREAS, the Authority intends to use the proceeds of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015 (Civic-Recreational-Industrial Redevelopment Project No. 1) (the “Authority Project No. 1 Bonds”), its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015

(Transportation-Distribution-Industrial Redevelopment Project No. 2) (the Authority Project No. 2 Bonds”) and its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015 (Transportation-Distribution-Industrial Redevelopment Project No. 3) (the “Authority Project No. 3 Bonds” and, together with the Authority Project No. 1 Bonds and the Authority Project No. 2 Bonds, the “Authority Bonds”), to be issued in one or more series, for the purpose of purchasing the applicable series of Successor Agency Bonds; and

WHEREAS, on December 11, 2014, the Successor Agency adopted three resolutions approving the issuance of the Successor Agency Project No. 1 Bonds, the Successor Agency Project No. 2 Bonds and the Successor Agency Project No. 3 Bonds, respectively, and approving certain documents in connection therewith;

WHEREAS, on December 11, 2014, the Authority adopted three resolutions approving the issuance of the Authority Project No. 1 Bonds, the Authority Project No. 2 Bonds and the Authority Project No. 3 Bonds, respectively, and approving certain documents in connection therewith;

WHEREAS, the Authority now desires to approve separate Preliminary Official Statements relating to the Authority Bonds, the forms of which are on file with the Assistant Secretary of the Authority and have been presented to this meeting along with the forms of Continuing Disclosure Agreements of the Authority related to the Authority Bonds, contained in Appendix D-1 to each Preliminary Official Statement, substantially in the forms on file with the Assistant Secretary of the Authority and presented to this meeting, and separate Bond Purchase Agreements relating to the sale of the Authority Bonds substantially in the forms on file with the Assistant Secretary of the Authority and presented to this meeting; and

NOW, THEREFORE, THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and the Board of the Authority (the “Board”) hereby so finds and determines.

Section 2. Preliminary Official Statements. The Board hereby approves the Preliminary Official Statements substantially in the forms on file with the Assistant Secretary, a copies of which have been made available to the Board, with such changes therein as the Chairman or the Executive Director, and each of them, and any designee of either of them (each, an “Authorized Officer”), may determine necessary, to be furnished to the underwriters for the Authority Bonds. The Board authorizes any Authorized Officer to deem each of the Preliminary Official Statements to be final within the meaning of U.S. Securities and Exchange Commission Rule 15c2-12 (the “Rule”), subject to completion of those items permitted by such Rule. Any Authorized Officer is hereby authorized and directed to execute and deliver each of the final Official Statements in substantially the forms of the Preliminary Official Statements hereby approved, with such additions thereto and changes therein as are consistent with this Resolution and recommended or approved by Norton Rose Fulbright US LLP, as Disclosure Counsel to the Authority, and approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. If, in the opinion of the Authorized Officer, upon consultation with Disclosure Counsel, any revisions or updates to the information contained in a

Preliminary Official Statement would require supplemental approval of such revised or updated Preliminary Official Statement by the Board, then such revised or updated Preliminary Official Statement shall be submitted to the Board for consideration and further approval. An Authorized Officer may direct Disclosure Counsel to prepare a Preliminary Official Statement for any subordinate bonds of the Authority relating to Project No. 1, Project No. 2 or Project No. 3, in a form substantially similar to the forms on file with the Assistant Secretary of the Authority, with the necessary changes to reflect the subordinate priority of such bonds.

Section 3. Bond Purchase Agreements. The forms of the Bond Purchase Agreements, proposed to be executed and entered into by and among the Successor Agency, the Authority and Stifel, Nicolaus & Company, Incorporated, as underwriter, in substantially the forms on file with the Assistant Secretary, copies of which have been made available to the Board, are hereby approved, and any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver each of the Bond Purchase Agreements in substantially such forms, with such changes as may be approved by any Authorized Officer, acting on behalf of the Authority, subject to advice of counsel, such execution thereof to constitute conclusive evidence of the approval of the Authority of all changes from the forms of the Bond Purchase Agreements presented to this meeting.

Section 4. Continuing Disclosure Agreements. The forms of the Continuing Disclosure Agreements proposed to be executed and entered into by and between the Authority and a dissemination agent to be selected by the Authority (the “Dissemination Agent”) in connection with the Authority Bonds, in substantially the forms on file with the Authority, a copy of which has been made available to the Board, are hereby approved, and any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Dissemination Agent each Continuing Disclosure Agreement in substantially such form, with such changes as may be approved by any Authorized Officer, acting on behalf of the Authority, subject to advice of Disclosure Counsel, such execution thereof to constitute conclusive evidence of the approval of the Authority of all changes from the forms of the Continuing Disclosure Agreements presented to this meeting.

Section 5. General Authorization. Any one of the Authorized Officers and the Authority’s legal counsel, and each of them, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable to consummate the issuance, sale and delivery of the Authority Bonds and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby. All actions heretofore taken by any officer or agent of the Authority with respect to the issuance of the Authority Bonds or in connection with or related to any of the agreements referenced herein are hereby approved, confirmed and ratified in all respects.

PASSED AND ADOPTED at a regular meeting of the City of Industry Public Facilities Authority, held on the 14th day of May, 2015.

CITY OF INDUSTRY PUBLIC
FACILITIES AUTHORITY

By _____
Tim Spohn, Chairman

ATTEST:

By _____
Cecelia Dunlap, Assistant Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF INDUSTRY)

ASSISTANT SECRETARY’S CERTIFICATION
RE: ADOPTION OF RESOLUTION

I, Cecelia Dunlap, Assistant Secretary of the City of Industry Public Facilities Authority, do hereby certify that the foregoing Resolution No. PFA 2015-02 was duly passed and adopted at a regular meeting of the City of Industry Public Facilities Authority, held on the 14th day of May, 2015, by the following vote, to wit:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Cecelia Dunlap, Assistant Secretary
City of Industry, California

(SEAL)

EXHIBIT A

**TRANSPORTATION-DISTRIBUTION-INDUSTRIAL
REDEVELOPMENT PROJECT NO. 1**

OUTSTANDING BONDS

	ISSUE
1.	\$197,000,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Refunding Bonds
2.	\$78,720,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series A (Taxable)
3.	\$68,090,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B
4.	\$83,785,692.28 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Subordinate Lien Tax Allocation Refunding Bonds
5.	\$79,780,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2005 Subordinate Lien Tax Allocation Refunding Bonds
6.	\$16,038,957.72 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2007 Subordinate Lien Tax Allocation Refunding Bonds
7.	\$33,673,437.10 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2008 Subordinate Lien Tax Allocation Refunding Bonds

**TRANSPORTATION-DISTRIBUTION-INDUSTRIAL
REDEVELOPMENT PROJECT NO. 2**

OUTSTANDING BONDS

	ISSUE
1.	\$17,270,000 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2002 Tax Allocation Refunding Bonds
2.	\$39,730,000 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Tax Allocation Bonds (Taxable)
3.	\$119,719,961.99 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Subordinate Lien Tax Allocation Refunding Bonds
4.	\$19,755,000 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2005 Subordinate Lien Tax Allocation Refunding Bonds
5.	\$31,083,172.70 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2008 Subordinate Lien Tax Allocation Refunding Bonds
6.	\$40,000,000 Industry Urban-Development Agency Transportation- Distribution-Industrial Redevelopment Project No. 2 2010 Subordinate Lien Tax Allocation Refunding Bonds

**TRANSPORTATION-DISTRIBUTION-INDUSTRIAL
REDEVELOPMENT PROJECT NO. 3**

OUTSTANDING BONDS

	ISSUE
1.	\$17,455,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2002 Tax Allocation Refunding Bonds
2.	\$44,585,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2003 Tax Allocation Bonds (Taxable)
3.	\$9,726,529.88 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2003 Subordinate Lien Tax Allocation Refunding Bonds
4.	\$5,120,288.60 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2008 Subordinate Lien Tax Allocation Refunding Bonds

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE—BOOK-ENTRY

**S&P: “___”
See “Rating” herein.**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. The Authority has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes. See “TAX MATTERS” herein.

\$ _____*
**City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds
Series 2015A
(Civic-Recreational-Industrial Redevelopment Project No. 1)
(Taxable)**

Dated: Delivery Date

Due: November 1, as shown on the inside cover

The \$_____ City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) (the “Bonds”) are being issued by the City of Industry Public Facilities Authority (the “Authority”) to (i) pay the costs of acquiring Local Obligations from the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”) to provide proceeds to the Successor Agency to refund and defease [all of the] outstanding Project Area No. 1 tax allocation bonds (as described herein), currently outstanding in the aggregate principal amount of \$_____, (ii) fund a reserve for the Bonds, and (iii) pay the costs of issuance of the Bonds. The Bonds will be issued pursuant to an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and among the Authority, the City of Industry, California (the “City”) and U.S. Bank National Association, as trustee (the “Trustee”).

Interest on the Bonds is payable on each May 1 and November 1 of each year, commencing _____ 1, 20___. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. See “THE BONDS—Book-Entry System” herein.

The Bonds are subject to [optional and special mandatory] redemption prior to maturity as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Neither the faith and credit nor 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 pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed on for the Authority by Norton Rose Fulbright US LLP as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Nixon Peabody LLP, Los Angeles, California, Underwriter’s Counsel. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about _____, 2015.

[INSERT STIFEL LOGO]

Dated: _____, 2015.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

* Preliminary, subject to change.
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MATURITY SCHEDULES

\$ _____^{*}
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds
Series 2015A
(Civic-Recreational-Industrial Redevelopment Project No. 1)
(Taxable

<u>Maturity Date</u> (November 1)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> (Base _____)
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\$ _____ – ____% Term Bond due November 1, 20__ – Yield – ____%, Price ____% – CUSIP _____[†]

^{*} Preliminary; subject to change.

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

BOARD OF DIRECTORS

Tim Spohn, *Chairman*
Jeff Parriott, *Vice Chairman*
John P. Ferrero, *Director*
Roy Haber III, *Director*
Pat Marcellin, *Director*

AUTHORITY/CITY EXECUTIVE OFFICERS

Kevin Radecki, *Executive Director/City Manager*
Phyllis Tucker, *Treasurer*
Cecelia Dunlap, *Deputy Secretary/Deputy City Clerk*

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Los Angeles, California

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Richards, Watson & Gershon
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Los Angeles, California

Authority Counsel

Burk, Williams & Sorensen, LLP
Los Angeles, California

Financial Advisor

NHA Advisors
San Rafael, California

Fiscal Consultant

Keyser Marston Associates, Inc.
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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The information set forth herein has been obtained from the Authority and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions.

No dealer, broker, salesperson or any other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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 Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the Successor Agency or in any other information contained herein, since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ABOVE, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (“EMMA”) website.

The City maintains a website. No information on such website is incorporated herein by reference.

FORWARD-LOOKING STATEMENTS

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,” “project,” “expect,” “anticipate,” “intend,” “believe,” “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 that 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. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

OFFICIAL STATEMENT

\$ _____ *

**City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds
Series 2015A
(Civic-Recreational-Industrial Redevelopment Project No. 1)
(Taxable)**

INTRODUCTION

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale by the City of Industry Public Facilities Authority (the “Authority”) of the Bonds (as defined below). This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained in the entire Official Statement. A full review should be made of the entire Official Statement, including the cover page and attached appendices. The offering of Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined herein can be found in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

General

The \$ _____* City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) (the “Bonds”) are being issued by the City of Industry Public Facilities Authority to (i) pay the costs of acquiring the Local Obligations (defined below) from the Successor Agency (defined below) to provide proceeds to the Successor Agency to refund and defease all of the outstanding \$197,000,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Refunding Bonds, \$78,720,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series A (Taxable), \$68,090,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B, \$83,785,692.28 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Subordinate Lien Tax Allocation Refunding Bonds, \$79,780,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2005 Subordinate Lien Tax Allocation Refunding Bonds, \$16,038,957.72 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2007 Subordinate Lien Tax Allocation Refunding Bonds and \$33,673,437.10 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2008 Subordinate Lien Tax Allocation Refunding Bonds (collectively, the “Refunded Bonds”); (ii) fund a reserve for the Bonds; and (iii) pay the costs of issuance of the Bonds.

The Bonds will be secured by and issued under an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and among the Authority, the City of Industry, California (the “City”) and U.S. Bank National Association, as trustee (the “Trustee”). The “Local Obligations” mean \$ _____ aggregate principal amount of Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable). The Local Obligations will be secured by and issued under an Indenture, dated as of June 1, 2015 (the “Local Obligations Indenture”), by and between the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”) and U.S. Bank National Association, as

* Preliminary, subject to change.
54002371.3

trustee thereunder. See “INTRODUCTION – Security for the Bonds” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Authority for Issuance of Bonds

The Bonds and the Indenture were authorized by the Authority pursuant to Resolution No. PFA 2014-03 adopted on December 11, 2014 (the “Authority Resolution”). The Bonds are being issued pursuant to the Indenture, the Constitution and laws of the State of California (the “State”), including the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

Authority for Issuance of Local Obligations

The Local Obligations and the Local Obligations Indenture were authorized by the Successor Agency pursuant to Resolution No. SA 2014-05 adopted on December 11, 2014 (the “Successor Agency Resolution”) and by the Oversight Board for the Successor Agency pursuant to Resolution No. OB 2014-28 adopted on December 11, 2014 (the “Oversight Board Resolution”). On January 22, 2015, the State Department of Finance provided a letter to the Successor Agency stating that based on the State Department of Finance’s review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the State Department of Finance. See “APPENDIX G – STATE DEPARTMENT OF FINANCE APPROVAL LETTER.”

The Local Obligations are being issued pursuant to the Local Obligations Indenture, Constitution and laws of the State, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Bond Law”), the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “Redevelopment Law”), and the Dissolution Act (as defined herein).

The Authority

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City of Industry, California (the “City”) and the Industrial Development Agency of the City of Industry, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing and refinancing the acquisition and construction of public capital improvements on behalf of its members.

The City

The City is located in the San Gabriel Valley area of the County of Los Angeles, California (the “County”), approximately twenty miles from downtown Los Angeles. The City covers approximately 12.5 square miles and has an estimated population of approximately 400 people. Since its incorporation in 1957, the City has developed primarily for the purpose of manufacturing, distribution and related industrial and commercial activities. The City is zoned 92% industrial and 8% commercial. The City is a charter city. See “APPENDIX G – SUPPLEMENTAL INFORMATION – City of Industry.”

The Successor Agency

The Predecessor Agency was established in 1971. In 1971, through the Industry Urban-Development Agency (the “Predecessor Agency”), the City undertook the improvement of the City by

forming the first redevelopment project area. There are four project areas established in the City: the Civic-Recreational-Industrial Redevelopment Project No. 1 (“Project Area No. 1”), the Transportation–Distribution–Industrial Redevelopment Project No. 2, the Transportation-Distribution-Industrial Redevelopment Project No. 3 (“Project Area No. 3”) and the Civic-Recreational-Industrial Redevelopment Project No. 4 (“Project Area No. 4”). Project Area No. 1, Project Area No. 2, Project Area No. 3 and Project Area No. 4 are collectively known herein as the “Project Areas.” The Predecessor Agency issued tax allocation bonds in each of the Project Areas, except Project Area No. 4.

On September 22, 2011, pursuant to Resolution No. CC 2011-20 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Predecessor Agency. Subdivision (g) of Section 34173 of the Dissolution Act (defined below), added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City. See “SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY.”

The Dissolution Act

On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the “Dissolution Act”).

The Plan of Refunding

The Authority is assisting the Successor Agency in refunding all of the Successor Agency’s outstanding Project Area No. 1, Project Area No. 2 and Project Area No. 3 tax allocation bonds. Refunding bonds for Project Area No. 1 and Project Area No. 2 will be issued concurrently by the Authority with the issuance and delivery of the Bonds. The Bonds will be secured, in part, by tax revenues from Project Area No. 1 and surplus tax revenues and other available amounts, if any, from Project Area No. 2 and Project Area No. 3. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

The plan of refunding for the Refunded Bonds in particular is described under the caption “PLAN OF REFUNDING.” See also, “ESTIMATED SOURCES AND USES OF FUNDS.”

Security for the Bonds

The Bonds are secured by and payable from three sources, in the following order of priority. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” First, the Bonds are secured by and payable from all amounts derived from the Local Obligations. The Local Obligations are secured by and payable from Pledged Tax Revenue from Project Area No. 1, as further described herein (see, in particular, “THE PROJECT AREA” and “APPENDIX H-2 – FISCAL CONSULTANT’S SUCCESSOR AGENCY REPORT”). Second, the Bonds are secured by and payable from investment income with respect to the funds and accounts established under the Indenture (other than the Rebate Fund). Third, the Bonds are secured by and payable from amounts transferred to the Authority pursuant to a settlement and compromise with the City with respect to certain override revenues, as further described herein (see, in particular, “OVERRIDE REVENUES” and “APPENDIX H-1 – FISCAL CONSULTANT’S AUTHORITY REPORT”).

Limited Obligations

Neither the faith and credit nor the taxing power of the City, the County of Los Angeles (the “County”), the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

Reserve Fund

To secure the payment of the principal of and interest on the Bonds, the Reserve Fund will be established in the Indenture, in an amount equal to the initial Reserve Requirement. “Reserve Requirement” means, as of each date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service on all Outstanding Bonds, (ii) 10% of the initial offering price to the public of such Bonds as determined under the Code, or (iii) 125% of the average Annual Debt Service as of the date of issuance of the Bonds.

Judicial Validation Proceedings

On December 23, 2014, pursuant to authorization contained in Section 34177.5(d) of the Dissolution Act and State law, the Successor Agency, the Authority and the City filed their Complaint (Case No. 34-2014-00173219) initiating proceedings to confirm the validity of the Bonds, the Local Obligations, the Indenture and the Local Obligation Indenture and other matters relating thereto and the proceedings for the issuance of the Bonds and the Local Obligations. On _____, 2015, the Superior Court, County of Sacramento, entered a default judgment (the “Validation Judgment”), that became final on _____, 2015. The appeal period for the Validation Judgment concluded on _____, 2015. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Judicial Validation Proceedings.”

Further Information

Descriptions of the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Local Obligations, the Local Obligations Indenture, the Authority, the Successor Agency, the Predecessor Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references thereto are qualified in their entirety by reference to such documents and laws. All documents are available from the City Clerk's office, City of Industry, 15625 East Stafford Street, Suite 100, City of Industry, California 91774.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds, together with other available funds, will be deposited into separate escrow funds (collectively, the "Escrow Funds") held under separate escrow agreements (collectively, the "Escrow Agreements"), each by and between the Successor Agency and an escrow agent named therein (each, an "Escrow Agent"), and applied on the respective Redemption Dates for the purpose of redeeming and defeasing all of the outstanding Refunded Bonds. The Successor Agency will cause each Escrow Fund deposit to be invested in defeasance securities (as defined in the respective indentures of trust for the Refunded Bonds) (the "Defeasance Securities") and/or uninvested in cash. The Defeasance Securities will be scheduled to mature in such amounts and at such times and will pay principal and interest at such rates as to provide amounts sufficient to pay, together with other available funds, the principal of and interest on the Refunded Bonds on the applicable Redemption Date at a redemption price equal to the principal amount thereof, without premium. The amounts deposited in the Escrow Funds will be held in trust solely for the Refunded Bonds and will not be available to pay the principal of or interest on the Bonds or any obligations other than the Refunded Bonds.

Grant Thornton LLP (the "Verification Agent"), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it, relating to the sufficiency of moneys deposited into each Escrow Fund to pay the principal, interest and redemption premium of the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL ACCURACY."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized as follows.

Sources:

Principal Amount of Bonds
Net [Premium/Discount]
Available Funds from Refunded Bonds

Total Sources

Uses:

Escrow Fund
Reserve Fund⁽¹⁾
Costs of Issuance Fund⁽²⁾

Total Uses

⁽¹⁾ An amount equal to the applicable Reserve Requirement.

⁽²⁾ Costs of Issuance include Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Verification Agent, Trustee, printing expenses, rating fee and other costs related to the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Bonds.

<u>Bond Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Debt Service</u>
2016	\$	\$	\$
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
Total	\$	\$	\$

THE BONDS

General

The Bonds will be issued and delivered as one fully-registered Bond in the denomination of \$5,000 or any integral multiple thereof (an “Authorized Denomination”) for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, as registered owner of all Bonds. See “THE BONDS – Book-Entry System.”

The Bonds will be dated the date of their delivery (the “Delivery Date”) and mature on November 1 in the years and in the amounts shown on the inside cover page of this Official Statement. Interest on the Bonds will be calculated at the rates shown on the inside cover page of this Official Statement, payable on May 1 and November 1 in each year, commencing on _____ 1, 20__ (each an “Interest Payment Date”), by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months. “Record Date” the fifteenth (15th) day of the month (whether or not such day is a Business Day) preceding each Interest Payment Date.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for

each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX C – BOOK-ENTRY SYSTEM.”

Redemption*

Optional Redemption. The Bonds maturing on or before November 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing after November 1, 20__ are subject to redemption prior to maturity in whole, or in part in the manner determined by the Authority on any date on or after May 1, 20__, from any available source of funds, at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the redemption date.

Special Mandatory Redemption. The Bonds shall be subject to special mandatory redemption prior to their respective maturity dates as a whole or in part on November 1 of any year that Local Obligations are redeemed pursuant to an extraordinary mandatory redemption under the Local Obligations Indenture. The redemption price payable on Bonds called pursuant to this paragraph shall equal one hundred percent (100%) of the principal amount of such Bonds, plus unpaid accrued interest to the date fixed for redemption, without premium.

Selection of Bonds of a Maturity for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected.

Partial Redemption of Bonds. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected.

Notice of Redemption. The Authority shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a) at least 30 days prior to the date fixed for such redemption. The Trustee on behalf of and at the expense of the Authority will mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Authority filed with the Trustee at the time the Authority notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds

* Preliminary; subject to change.
54002371.3

Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Any notice given pursuant to this paragraph may be rescinded by written notice given to the Trustee by the Authority and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to this Section, but in no event later than the date set for redemption.

No Additional Bonds Other than Refunding Bonds

Other than for the purpose of refunding the Bonds, no additional Bonds or bonds secured by the same Revenues as the Bonds shall be issued under the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Background

Prior to the enactment of Dissolution Act, the Redevelopment 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 receiving property taxes thereafter received only 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 of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations, including the Refunded Bonds.

The Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Predecessor Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions."

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan (as defined herein), taxes levied upon taxable property in Project Area No. 1 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 the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 1, 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 Project Area No. 1 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 Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 1, 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

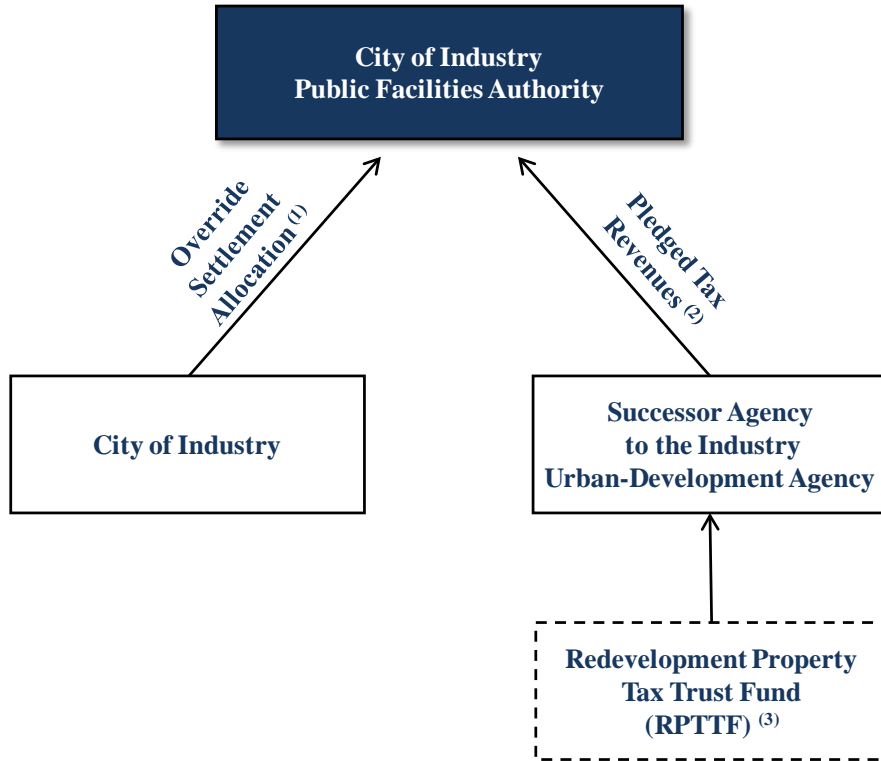
(b) To the Predecessor Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal 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 shall be allocated to, and when collected shall 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 Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Predecessor Agency or the Successor Agency to finance or refinance the redevelopment projects of the Predecessor Agency.

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 Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

Summary of Receipt of Revenues and Flow of Funds

The following graphics sets forth a summary of the receipt of revenues and the flow of funds under the Dissolution Act, the Local Obligations Indenture and the Indenture for the security for and the payment of the Local Obligations and the Bonds, respectfully, and is intended for general reference only. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds. Descriptions herein of the Bonds, the Local Obligations, the Indenture and the Local Obligations Indenture do not purport to be comprehensive or definitive. All descriptions in this Official Statement to such documents are qualified in their entirety by reference to such documents.

Receipt of Revenues



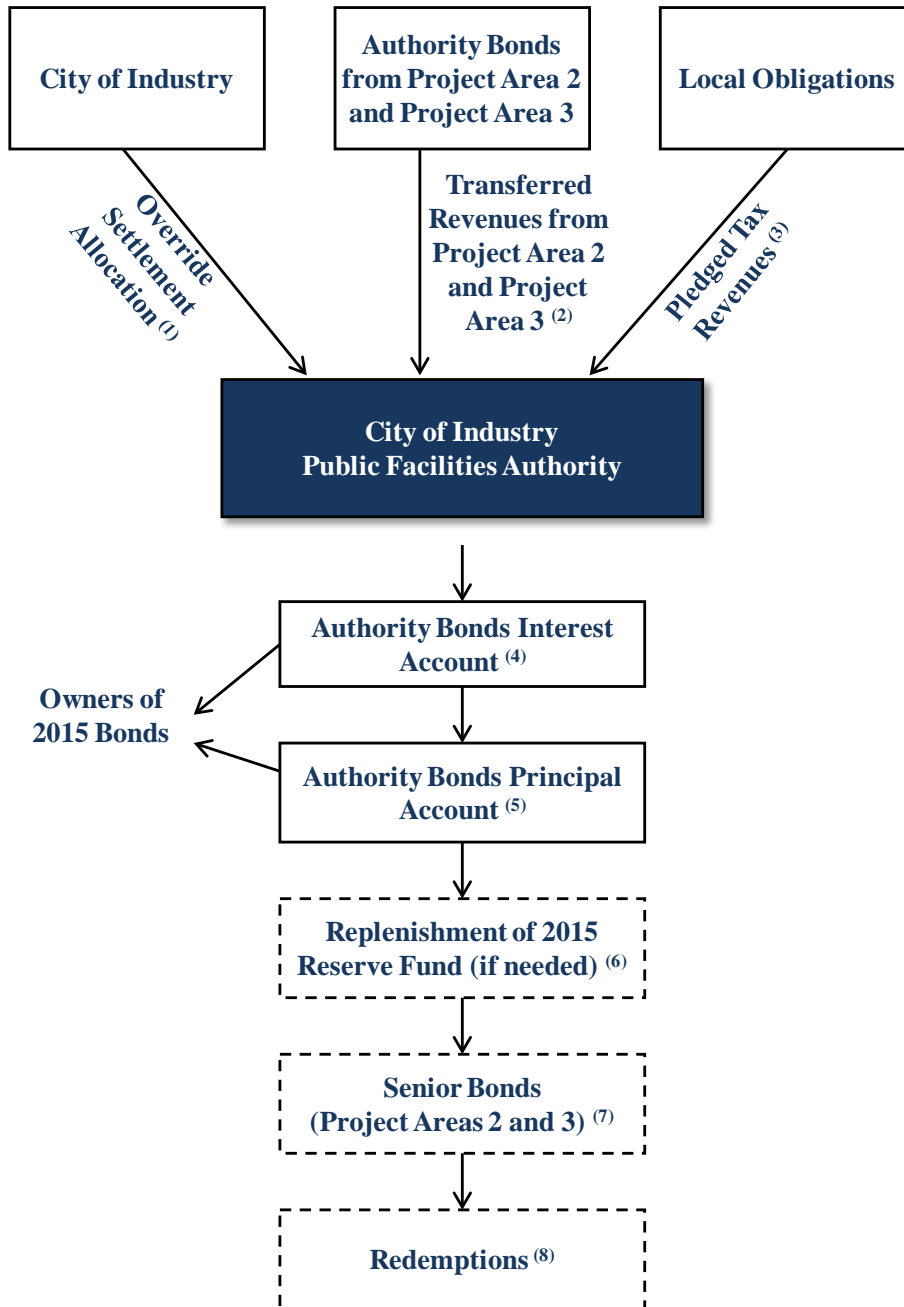
Note: Revenues shown above do not include Transferred Revenue from Project Area No. 2, if any, or Project Area No. 3, if any.

(1) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds," "OVERRIDE REVENUES" and APPENDIX H-1 – "FISCAL CONSULTANT'S AUTHORITY REPORT."

(2) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Local Obligations," "ESTIMATED DEBT SERVICE COVERAGE" and APPENDIX H-1 – "FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT."

(3) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Dissolution Act."

Payment of Revenues



⁽¹⁾ See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds,” “OVERRIDE REVENUES” and APPENDIX H-1 – “FISCAL CONSULTANT’S AUTHORITY REPORT.”

⁽²⁾ See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds,” “OVERRIDE REVENUES,” “ESTIMATED DEBT SERVICE COVERAGE” and APPENDIX H-1 – “FISCAL CONSULTANT’S AUTHORITY REPORT.”

(footnotes continued on next page)

(footnotes continued from prior page)

⁽³⁾ See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Local Obligations,” “ESTIMATED DEBT SERVICE COVERAGE” and APPENDIX H-1 – “FISCAL CONSULTANT’S SUCCESSOR AGENCY REPORT.”

⁽⁴⁾ See First under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁵⁾ See Second under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁶⁾ See Third under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁷⁾ See Fourth under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁸⁾ [discuss]

Security for the Bonds

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and any other amounts held in the Revenue Fund and in the Reserve Fund established pursuant to the Indenture are pledged by the Authority to secure the full and timely payment of the principal of and interest and premium, if any, of the Bonds in accordance with their terms and the provisions of the Indenture. Notwithstanding anything to the contrary contained in the Indenture, all Bonds issued under the Indenture will be payable first from all amounts derived from the Local Obligations, second from investment income with respect to the funds and accounts established hereunder (other than the Rebate Fund), and third from all other amounts transferred to the Authority pursuant to the Indenture.

“Revenues” means (a) all amounts derived from the Local Obligations (which are substantially Pledged Tax Revenues; see, in particular, “– Security for the Local Obligations” below, “PROJECT AREA NO. 1” and “APPENDIX H-2 – FISCAL CONSULTANT’S SUCCESSOR AGENCY REPORT”), (b) investment income with respect to the funds and accounts established under the Indenture (other than the Rebate Fund), and (c) all other amounts transferred to the Authority pursuant to the Indenture (see, in particular, “OVERRIDE REVENUES” and “APPENDIX H-1 – FISCAL CONSULTANT’S AUTHORITY REPORT”).

Security for the Local Obligations

General. The Dissolution Act requires the Los Angeles County Auditor Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Predecessor Agency had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the “Redevelopment Property Tax Trust Fund”).

The Dissolution Act authorizes the issuance of refunding bonds, including the Local Obligations, to be secured by a pledge of, and lien on, Pledged Tax Revenues (as defined herein) deposited from time to time in the Redevelopment Property Tax Trust Fund and then subject to the lien of the Local Obligations Indenture. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same lien priority and legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedule.

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Local Obligations, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law.

Taxes levied on the property within Project Area No. 1 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 Project Area No. 1, to the extent they constitute Pledged Tax Revenues, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule"). Monies deposited by the County Auditor-Controller into the Successor Agency's Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the Trustee for deposit in the Revenue Fund established under the Local Obligations Indenture and administered by the Trustee in accordance therewith.

Security for Local Obligations and Pledged Tax Revenues. The Local Obligations will be payable from and equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund, by the County, the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Revenue Fund established under the Local Obligations Indenture (including the Accounts and all subaccounts in the foregoing) to the Trustee for the benefit of the Owners of the Outstanding Local Obligations. "Pledged Tax Revenues" means (a) all taxes annually allocated to the Successor Agency with respect to Project Area No. 1 following the date of issuance and delivery of the Bonds (the "Delivery Date") pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code and section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, and including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemption and tax limitations; but excluding all other amounts of such taxes (if any) (i) which are required by law on the Delivery Date to be deposited by the Successor Agency in a housing fund, if any, (ii) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) any amounts payable by the Successor Agency pursuant to sections 33607.5 or 33607.7 of the Health and Safety Code, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds and any parity debt authorized under the Prior 2002 Indenture, Prior 2003A Indenture or Prior 2003B Indenture; and (iv) amounts of such taxes (if any) which are required to be paid to any other public agency under Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code or under agreement between the Successor Agency and such public agency and (b) all taxes distributed by the County of Los Angeles Auditor-Controller from the Redevelopment Property Tax Trust Fund that are received by the Successor Agency, if any, resulting from the levy of an *ad valorem* tax by the City pursuant to voter authorization at a special municipal election on June 20, 1978 that were pledged to the Prior Bonds.

"Redevelopment Plan" means the Redevelopment Plan for the Civic-Recreational-Industrial Project No. 1, approved by Ordinance No. 316, enacted by the City Council of the City on July 29, 1971, together with any amendments thereof.

["Prior 2002 Indenture" means the Indenture of Trust, dated as of April 1, 2002, by and between the Predecessor Agency and U.S. Bank National Association, relating to the Prior 2002 Bonds. "Prior 2002 Bonds" means the Predecessor Agency's 197,000,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Refunding Bonds. "Prior 2003A Indenture" means the Indenture of Trust, dated as of December 1, 2003, by and between the Predecessor Agency and U.S. Bank National Association, relating to the Prior 2003A Bonds. "Prior 2003B Bonds" means the Predecessor Agency's \$68,090,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B. "Prior 2003B Indenture" means the Indenture of Trust, dated as of December 1, 2003, by and between the Predecessor Agency and U.S. Bank National Association, relating to the Prior 2003B Bonds. "Prior 2003B Bonds" means the Predecessor Agency's \$68,090,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B.]

In accordance with the Validation Judgment, and pursuant to the pledge of Pledged Tax Revenues made in the Local Obligation Indenture, as authorized by Section 34177.5(a)(1) of the Health and Safety Code, the principal of and interest or redemption premium (if any) on the Bonds shall be payable from, and secured by a first charge and lien on Pledged Tax Revenues without any deduction or offset pursuant to Section 34179.6(h)(2) of the Health and Safety Code or any other provision of law.

Limited Obligations

Neither the faith and credit nor the taxing power of the City, the County, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

Judicial Validation Proceedings

The Dissolution Act provides several remedies to the State Department of Finance, the Auditor-Controller and to taxing entities with respect to the recovery of assets of the Predecessor Agency and amounts due to the taxing entities. One such remedy is contained in Section 34179.6(h)(2) of the Dissolution Act, which reads as follows:

"Alternatively or in addition to the remedies provided in paragraph (1), the department may direct the country auditor-controller to deduct the unpaid amount from future allocations of property tax to the successor agency under Section 34183 until the amount of payment required pursuant to subdivision (d) is accomplished."

The reference above in Section 34179(h)(2) to Section 34183 refers to moneys in the Redevelopment Property Tax Trust Fund that constitute Pledged Tax Revenues and Subordinate Pledged Tax Revenues, as applicable. Notwithstanding the above, Section 34177.5(g) of the Dissolution Act creates a statutory pledge of, and lien on, certain moneys in the Redevelopment Property Tax Trust Fund, namely, the moneys referred to in Section 34183(a)(2), to secure payment of debt service on the Bonds. The Court, in rendering its Validation Judgment confirming the validity of the Bonds, has determined that

the statutory pledge and lien on Pledged Tax Revenues pursuant to Section 34177.5(g) is superior to any other claim on the moneys referred to in Section 34183(a)(2), including any claim under Section 34179.6(h)(2) or under any other law which may be applicable.

On December 23, 2014, pursuant to authorization contained in Section 34177.5(d) of the Dissolution Act and State law, the Successor Agency, the Authority and the City filed their Complaint (Case No. 34-2014-00173219) initiating proceedings to confirm the validity of the Bonds, the Local Obligations, the Indenture, the Local Obligation Indenture and other matters relating thereto and the proceedings for the issuance of the Bonds and the Local Obligations. On _____, 2015, the Superior Court, County of Sacramento, entered the Validation Judgment, that became final on _____, 2015. The appeal period for the Validation Judgment concluded on _____, 2015.

[summary of rulings in validation judgment to come]

Recognized Obligation Payment Schedules

No fewer than 90 days prior to each to each January 2 and June 1, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") 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 Predecessor 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 Recognized Obligation Payment Schedule 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.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Predecessor Agency, as approved by the Oversight Board).

The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Accordingly, although all of the debt service payments on the Bonds have been approved by the State Department of Finance, such debt service payments must appear on a the applicable Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2

or June 1 property tax distribution. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the applicable deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency did not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for the subsequent six-month period. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedules."

The Dissolution Act requires the State Department of Finance 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 Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency 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 Recognized Obligation Payment Schedule 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 the Successor Agency, the Oversight Board, and the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

The Successor Agency covenants in the Indentures that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indentures to replenish the Reserve Fund, in Recognized Obligation Payment Schedules.

Flow of Funds Under the Indenture

There is established under the Indenture a special trust fund known as the "Revenue Fund," which such Fund will be held by the Trustee in trust for Owners. Within the Revenue Fund the Trustee will hold the Interest Account, the Principal Account, the Transfer Account and the Redemption Account. Upon receiving Revenues, the Trustee will deposit all amounts received into the Revenue Fund until such time during each Bond Year as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year. Such deposits will be made first from all amounts derived directly from the Local Obligations and then from all amounts transferred by the City to the Authority pursuant to the Indenture (see "OVERRIDE REVENUES"). The Trustee will credit all amounts transferred pursuant to the City covenant and applied to the payment of principal or interest on the Bonds to the payment of principal or interest, as applicable, on the Local Obligations. The foregoing deposits shall be applied in the following order of priority:

First *Interest Account.* On or before each Interest Payment Date, the Trustee shall set aside from the Revenue 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 the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of

paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Second Principal Account. On or before each Principal Payment Date, the Trustee shall set aside from the Revenue 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 the principal becoming due and payable on the Outstanding Bonds on such Principal Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Bonds on the upcoming Principal Payment Date. Subject to the Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal and sinking account payments on the Outstanding Bonds as they become due and payable.

The Trustee shall provide records of all payments of principal of and interest on and Sinking Account payments with respect to the Bonds to the trustee for the Local Obligations within five (5) Business Days of each such principal or interest payment.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal payments in the proportion that all such principal payments bear to each other.

Third Reserve Fund. Subject to the Indenture, all money in the Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account and the Principal Account, in such order of priority, in the event of any deficiency at any time in any of such Accounts or (ii) for the retirement of all the Bonds then Outstanding. The Trustee shall keep accurate records of all such draws. [describe replenishment]

The Reserve Requirement may be satisfied by crediting to the Reserve Fund moneys or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in such Reserve Fund in an amount equal to the Reserve Requirement. Upon deposit of such Qualified Reserve Fund Credit Instrument, the Trustee shall transfer any excess amounts then on deposit in the Reserve Fund in excess of the Reserve Requirement into the Interest Account.

In any case where the Reserve Fund is funded with a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances before drawing on the Qualified Reserve Fund Credit Instrument. With regard to replenishment, any available moneys provided by the Authority shall be used first to reinstate the Qualified Reserve Fund Credit Instrument and second, to replenish the cash in such Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn upon, the Authority shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this subsection.

All amounts in the Reserve Fund five (5) Business Days before the final Interest Payment Date shall be withdrawn therefrom by the Trustee and transferred to the Interest Account and then the Principal Account, to the extent required to make the deposits then required to be made under the Indenture.

The Trustee shall value the balance in the Reserve Fund on each September 1. If the balance in the Reserve Fund is less than the Reserve Requirement, the Trustee shall indicate the amount of such deficiency in a Written Request to the Authority. Upon receipt of such Written Request, the Authority shall immediately take all necessary action to cure such deficiency from Revenues. No transfers or deposits need be made to the Reserve Fund so long as there is on deposit therein a sum at least equal to the Reserve Requirement. If the value of the balance, i.e. the lesser of market value or cash, is in excess

of the Reserve Requirement, the excess shall be withdrawn from such Reserve Fund and transferred to the Authority for any lawful purpose; provided, that such excess shall not be released to the Authority unless the Authority provides the Trustee with an opinion of Bond Counsel that such release will not adversely affect the exclusion of the interest on any Bond from the gross income of the owners thereof for federal income tax purposes.

If there shall be surplus Revenues in the Revenue Fund after making the deposits required under First, Second and Third above, then such surplus Revenues shall be deposited into the Transfer Account.

Fourth *Transfer Account.* On November 2 (the “Transfer Date”) of each year, commencing on November 2, 2015, the Trustee shall transfer any Revenues and other amounts in the Transfer to the trustee for any Senior Bonds to be applied solely for the payment of any deficiency in required debt service funding for such Senior Bonds pursuant to the applicable Authority indenture, all as specified in a Written Request of the Authority received by the Trustee within ten (10) Business Days of each Transfer Date.

“Senior Bonds” means Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt), \$_____ City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable), Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) and \$_____ City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable).

If no Written Request of the Authority is received by the Trustee within the time period specified in Fourth(i) above, then amounts in the Transfer Account shall be deposited into the Redemption Account pursuant to Fifth.

Fifth *Redemption Account.* The Trustee shall, at the Written Request of the Authority, apply funds in the Redemption Account to redeem Bonds pursuant to optional redemption provisions of the Indenture; provided, however, that no redemption or defeasance of any Bonds shall occur if any outstanding bonds of the Authority are secured by tax revenues from Project Area No. 2 or Project Area No. 3 of the Successor Agency. Upon any such redemption, the Trustee shall notify the Local Obligations Trustee to cancel and discharge Local Obligations of like maturity in accordance with the Local Obligations Indenture.

Flow of Funds Under the Local Obligations Indenture

Under the Local Obligations Indenture, there is established special trust fund known as the “Revenue Fund,” which shall be held by the Trustee in trust for Owners of the Local Obligations. The Trustee will send the Successor Agency on each November 1 and April 1 a Written Request specifying the amount of Pledged Tax Revenues required to be deposited in the Revenue Fund. The Successor Agency shall remit the amount requested pursuant to such Written Request to the Trustee within two (2) Business Days of receipt of distributions of Pledged Tax Revenues on January 2 and June 1 of each year.

There is hereby created separate Accounts within the Revenue Fund as set forth below, to be known respectively as the Interest Account, the Principal Account and the Redemption Account. Upon receiving Pledged Tax Revenues from the Successor Agency, the Trustee shall deposit all amounts received into the Revenue Fund until such time during each Bond Year as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year for deposit into the Interest Account and the Principal Account. Such deposits shall be in the following order of priority:

Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue 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 the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. Subject to the Local Obligations Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Local Obligations Indenture).

Principal Account. On or before each Principal Payment Date, the Trustee shall set aside from the Revenue 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 the principal becoming due and payable on the Outstanding Bonds on such Principal Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Bonds on the upcoming Principal Payment Date. Subject to the Local Obligations Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal and sinking account payments on the Outstanding Local Obligations as they become due and payable.

If Pledged Tax Revenues are not sufficient to pay in full the principal of and interest on any Local Obligations as such amounts become due, the Trustee shall credit the difference between the amount of available Pledged Tax Revenues and the amount required for payment of the principal of and interest on such Local Obligations; provided, that the principal of and interest on the Bonds supported by the Local Obligations shall have been paid for the same period.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal in the proportion that all such principal payments and sinking account payments bear to each other.

Third Transfer. [After Pledged Tax Revenues have been applied as set forth in First and Second above, and as otherwise required by the Local Obligations Indenture, such revenues shall be released from the pledge and lien of the Local Obligations Indenture and be sent to the trustee for the Subordinate Local Obligations or, if no Subordinate Local Obligations remain outstanding, the trustee for the Second Subordinate Local Obligations.]

Local Obligation Redemption Account. On or before the 5th Business Day preceding any date on which Local Obligations are to be redeemed, the Successor Agency will deliver or cause to be delivered funds to the Trustee for deposit in the Redemption Account an amount required to pay the principal of, interest and premium, if any, on the Local Obligations (other than Local Obligations redeemed from sinking account payments) to be redeemed on such date; provided, however, that no redemption or defeasance of any Bonds shall occur if any outstanding bonds of the Successor Agency are secured by tax revenues from Project Area No. 2 or Project Area No. 3 of the Successor Agency. Subject to the Local Obligations Indenture, all moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest or redemption premium (if any) on the Local Obligations to be redeemed on the date set for such redemption.

Annual Review of Tax Revenues Under Local Obligations Indenture; Special Redemption Fund

On or before _____ of each year commencing _____, 2016, the Successor Agency shall submit a written report of an Independent Redevelopment Consultant (the "Report") to the Trustee. The Report

shall show the total amount of Pledged Tax Revenues remaining available to be credited to the Redevelopment Obligation Retirement Fund by the Successor Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service with respect to the Local Obligations. The Successor Agency will not accept Pledged Tax Revenues for credit to the Redevelopment Obligation Retirement Fund in any Fiscal Year greater than the sum of the Annual Debt Service for the Outstanding Local Obligations, if such acceptance would cause the amount remaining under the tax increment limit to fall below the remaining cumulative Annual Debt Service with respect to the Outstanding Local Obligations, except for the purpose of using Excess Tax Revenues for the redemption of Outstanding Local Obligations. If the Report shows the cumulative amount of Annual Debt Service remaining to be paid on the Outstanding Local Obligations to their scheduled maturity equals or exceeds ninety percent (90%) of remaining Pledged Tax Revenues that the Successor Agency is permitted to receive under the Redevelopment Plan to be credited to the Redevelopment Obligation Retirement Fund, the Successor Agency shall cause the deposit of all Excess Tax Revenues in the Special Redemption Fund each Fiscal Year until all of the Outstanding Local Obligations have been paid or defeased. Moneys deposited in the Special Redemption Fund shall only be used to redeem Local Obligations pursuant to the Local Obligations Indenture, as described in the following paragraph. Based on the projections set forth in the Fiscal Consultant's Report for the Successor Agency, the Local Obligations will be subject to special redemption from amounts in the Special Redemption Fund commencing on _____, 20___. See "APPENDIX H-2 – FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT."

Upon receipt of any Excess Tax Revenues pursuant to the preceding paragraph, the Trustee will immediately deposit such money in the Special Redemption Fund. No later than _____ 15 of each year, the Trustee shall provide a written notification to the Successor Agency of the balance of the Special Redemption Fund. The Successor Agency, no later than the following _____ 25, shall (i) determine the amount (and if applicable, designating the maturities) of Local Obligations to be called on the following _____ 1, and (ii) notify the Trustee of such determination in writing. Such determination by the Successor Agency shall be based on a pro rata application of moneys in the Special Redemption Fund toward the redemption of Local Obligations, based on the then Outstanding principal amount of Local Obligations; provided, that such pro rata application shall be in, as nearly as practicable, multiples of \$5,000, and shall result in the principal amount of Local Obligations remaining Outstanding after such extraordinary redemption being in an Authorized Denomination. Upon receipt of such determination by the Successor Agency, the Trustee shall prepare and send notices of redemption to the applicable Owners in accordance with the Local Obligations Indenture. If the Successor Agency determines that there is not sufficient money in the Special Redemption Fund to redeem Local Obligations pursuant the Local Obligations Indenture in any year, then the Successor Agency shall provide a written notice to the Trustee to that effect no later than _____25 of such year.

At least five (5) Business Days before each Extraordinary Redemption Date, the Trustee shall notify the Successor Agency in writing of the accrued interest (the "Accrued Interest") that will become due on such Extraordinary Redemption Date with respect to the Local Obligations being called pursuant to the Local Obligations Indenture. The Trustee shall, no later than the Business Day before such Extraordinary Redemption Date, transfer the amount of such Accrued Interest from the Revenue Fund to the Special Redemption Fund. The Trustee shall use the moneys in the Special Redemption Fund to pay the applicable Redemption Price on the Extraordinary Redemption Date. **Redemption of Local Obligations on the Extraordinary Redemption Date will result in a like amount of Bonds being redeemed on such date.**

Any money remaining in the Special Redemption Fund on the final maturity date of the Local Obligations or the defeasance date of all of the Outstanding Local Obligations shall be transferred to the Revenue Fund (for application toward the final payment on the Local Obligations or transfer to the

defeasance escrow). Pending such transfer to the Revenue Fund, any interest earnings of moneys in the Special Redemption Fund shall be retained in the Special Redemption Fund.

Certain Covenants of the Successor Agency in the Local Obligations Indenture

As long as the Local Obligations are Outstanding, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Local Obligations Indenture or in any Local Obligation issued under the Local Obligation Indenture, including the following covenants and agreements for the benefit of the Owners of the Local Obligations that are necessary, convenient and desirable to secure the Local Obligations:

Compliance with Health and Safety Code. The Successor Agency covenants that it will comply with all applicable requirements of the Health and Safety Code.

Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Successor Agency shall prepare and submit to the Successor Agency Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the Successor Agency are listed, including with respect to the Local Obligations, together with the source of funds expected to be used to pay for each such enforceable obligation.

Punctual Payment. The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the Local Obligations on the date, at the place and in the manner provided in the Local Obligations, and that it will take all actions required under the Health and Safety Code to include debt service on the Local Obligations on the applicable Recognized Obligation Payment Schedule.

No Priority; No Additional Parity Local Obligations; Refunding Local Obligations; Other Obligations. The Successor Agency covenants that it will not issue any Obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues on a parity with or superior to the lien under the Local Obligations Indenture for the Local Obligations; provided, that the Successor Agency may (i) issue and sell refunding Local Obligations payable from Pledged Tax Revenues on a parity with Outstanding Local Obligations, if (a) debt service on such refunding bonds is lower than debt service on the Local Obligations being refunded the Local Obligations will be outstanding and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Local Obligations being refunded; (ii) issue and sell Obligations which have a lien on Pledged Tax Revenues junior to the Local Obligations or (iii) issue and sell Obligations that are payable in whole or in part from sources other than Pledged Tax Revenues; provided, that none of the foregoing issuances shall cause the Agency to violate applicable law.

Use of Proceeds: Management and Operation of Properties. The Successor Agency covenants that the proceeds of the sale of the Local Obligations will be deposited and used as provided in the Local Obligations Indenture and that it will manage and operate all properties owned by it comprising any part of Project Area No. 1 in a proper manner and in accordance with applicable law.

Payment of Taxes and Other Charges. The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in Project Area No. 1, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become

a lien or charge upon any of the properties, revenues or income or which might impair the security of the Local Obligations or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest and redemption premium (if any) on the Local Obligations, all to the end that the priority and security of the Local Obligations shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Books and Accounts; Financial Statements. The Successor Agency covenants that it will at all times keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries are made of the financial transactions and records of the Successor Agency. Within one hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. Upon written request, the Successor Agency shall, as soon practicable, furnish a copy of each audit to any Owner. The Trustee shall have no duty to review such audits.

Protection of Security and Rights of Owners. The Successor Agency covenants to preserve and protect the security of the Local Obligations and the rights of the Owners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that the Pledged Tax Revenues pledged under the Local Obligations Indenture cannot be used to pay debt service on the Local Obligations or (b) any other action affecting the validity of the Local Obligations or diluting the security therefor, including, with respect to the Pledged Tax Revenues, the senior lien position of the Local Obligations to the Statutory Pass-Through Amounts that have been subordinated to the payment of debt service on the Local Obligations.

Tax Covenants. The Successor Agency covenants and agrees not to use, permit the use of, or omit to use Gross Proceeds of the Local Obligations or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest component of any purchase payment to fail to be excluded pursuant to section 103 of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Successor Agency receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion from gross income of interest on any Local Obligation and the Successor Agency shall comply with each of the specific covenants in this Section.

Tax Sharing Agreements

The Redevelopment Law authorized the Predecessor Agency to enter into Tax-Sharing Agreements with taxing agencies whose territory was located within Project Area No. 1, whereby the Predecessor Agency would pay tax increment revenues to such taxing agencies to alleviate the financial burden or detriment caused by the Redevelopment Project. The Predecessor Agency did not enter into any Tax-Sharing Agreements with respect to Project Area No. 1.

Statutory Pass-Through Payments

Sections 33607.5 and 33607.7 of the Redevelopment Law require the Successor Agency to make Statutory Pass-Through Payments to taxing agencies whose territory is located within Project Area No. 1, to alleviate the financial burden or detriment caused by the Redevelopment Project. On February 4, 2005, the City Council adopted Ordinance No. 704 that amended the Redevelopment Plan of Project Area No. 1, to eliminate the January 1, 2004 time limit on the establishment of loans, advances and indebtedness. This action was permitted under the Redevelopment Law and, as a result, the tax increment revenues

generated by Project Area No. 1 was subject to an annual statutory pass through payment to affected taxing agencies.

The Dissolution Act establishes procedures whereby the Successor Agency may make such Statutory Pass-Through Payments subordinate to the payment of debt service on the Local Obligations. The Successor Agency has taken no steps to make Statutory Pass-Through Payments subordinate to the payment of debt service on the Local Obligations.

SUCCESSOR AGENCY

General

The Predecessor Agency was established in 1971. As a result of the Dissolution Act, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. On September 22, 2011, pursuant to Resolution No. CC 2011-20 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Predecessor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City.

Members and Officers

The Successor Agency is governed by a Board of Directors (the “Board”).

<u>Name and Office</u>	<u>Expiration of Term</u>
Tim Spohn, Chair	June 2015
Jeff Parriott, Vice Chair	June 2017
John P. Ferrero, Member	June 2015
Roy Haber III, Member	June 2017
Pat Marcellin, Member	June 2015

Successor Agency Powers

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Predecessor Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Predecessor Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by their oversight boards, as well as review by the State Department of Finance.

Previously, Section 33675 of the Redevelopment Law required the Predecessor Agency to file not later than the first day of October of each year with the County Auditor-Controller of a statement of indebtedness certified by the chief fiscal officer of the Predecessor Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plans). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Predecessor Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Predecessor Agency could

not exceed the amounts shown on the Predecessor Agency's statement of indebtedness. The Dissolution Act eliminated this requirement and provides that the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law and the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law.

PROJECT AREA NO. 1

General

Project Area No. 1 was formed on July 29, 1971 and consists of 4,129 acres that are primarily developed for industrial uses. Redevelopment project areas adopted prior to January 1, 1994, were required to establish limits on the amount of bonded indebtedness that may be outstanding at any time and limits on the amount of tax increment revenue that could be received over the life of the component project area. The tax increment revenue limit for Project Area No. 1 is \$1,805,000,000. The Redevelopment Plan limit is July 29, 2014 and the last day to repay indebtedness is July 29, 2024. See "APPENDIX H – Fiscal Consultant's Successor Agency Report."

It was the City's first redevelopment project area and is the largest of the three in the City of Industry. Approximately [85%] of Project No. 1 is presently developed with a mixture of commercial, industrial and public uses. Notable developments include the completion of the Auto Plaza at Azusa and Gale Avenues and the widening of the Hacienda Boulevard automobile bridge over the Union Pacific Railroad mainline tracks. **[update]**

Project Area No. 1 is bounded generally by Valley Boulevard on the north, 7th Avenue on the west, Pomona Freeway and Gale Avenue on the south, and Sentous Avenue on the east. Project Area No. 1 has superior links to the freeway network. Several existing Pomona Freeway (I-60) interchanges directly service Project Area No. 1, and it is less than 2-1/2 miles south of the San Bernardino Freeway (I-10). The San Gabriel River Freeway (I-605) is near the Western portion of Project Area No. 1. Located within the Los Angeles Metropolitan area, approximately 20 miles from downtown Los Angeles and within about 30 miles of the Ports of Los Angeles, Long Beach, and San Pedro, and the Los Angeles and Ontario International Airports, local business and industries have a wide variety of readily available options for receipt and distribution of products, materials, and supplies. Most of Project Area No. 1 lies within Los Angeles County Sanitation Districts and there are parallel trunk sewers running the length of Project Area No. 1 which are connected to the San Jose and Carson Sewage Treatment Plants. The trunk system is adequate to satisfy future development needs. Electrical energy is provided by the Southern California Edison Company's Distribution System. Project Area No. 1 is also served by the Southern California Gas Company with adequate gas supplies to meet existing and future development needs.

History of Project Area No. 1

Project Area No. 1 evolved from studies commenced by the City and its Planning Commission in early 1971. A survey area was established by the City Council and the City and the Planning Commission adopted the Preliminary Plan for Project Area No. 1 within the boundaries of the survey area. The Redevelopment Plan for Project Area No. 1 encompasses the Preliminary Plan recommendations and was approved by the Planning Commission as being in conformance with the City's General Plan. The City Council and the Predecessor Agency held a joint public hearing on the Redevelopment Plan and the Council adopted the plan by ordinance.

Project Area No. 1, designated Industry Urban-Development Agency, Transportation-Distribution-Industrial Redevelopment Project No. 1 was, at the time of formation, in need of and suitable for redevelopment pursuant to the Redevelopment Law. Project Area No. 1 had the characteristics of a

blighted area, constituting social and economic liabilities and requiring redevelopment in the interest of the health, safety and general welfare of the people of the City and the State of California.

There were in Project Area No. 1 buildings and structures used or intended to be used for living, commercial, industrial, or other purposes which were unfit and unsafe to occupy. Parts of Project Area No. 1 were characterized by economic dislocation, deterioration and disuse resulting from faulty planning. Many lots were of irregular form and shape and inadequate size for proper usefulness and development. Inadequate streets were characteristic of the area.

There were also properties and large areas subject to being submerged by water. Parts of Project Area No. 1 were characterized by depreciated values, impaired investments and social and economic maladjustment to such an extent that their capacity to pay taxes was reduced and tax receipts were inadequate for the costs of public services rendered.

The area comprising Project Area No. 1 was selected for redevelopment because of such conditions, including:

- (a) underdeveloped and unproductive vacant land scattered throughout the area and often littered with debris and used for open storage;
- (b) a fragmented and illogical pattern of land ownership inhibiting orderly development;
- (c) a street system incomplete and in some places substandard, denying adequate access to many areas within Project Area No. 1;
- (d) inadequate street lighting and lack of curbs and gutters; and
- (e) substandard industrial structures.

Current Status of Project Area No. 1

A large portion of Project Area No. 1 has now been developed for industrial uses, including but not limited to, light manufacturing, wholesale trade and distribution, technical service businesses, research and development, and other related and compatible uses. To provide the necessary investment factors, the Redevelopment Plan for Project Area No. 1 provided for new streets and improvement of existing substandard roadways. Illogical street patterns were corrected in the process, and grade separation between railroad and highway arteries have been provided at key points. Full public utility service has been substantially corrected. The environment has also been upgraded through landscaping, the undergrounding of utilities, lighting and the enactment of development guidelines. **[update]**

Land Use

The following table sets forth the land uses within Project Area No. 1.

<u>Land Use</u>	<u>Record Count</u>	<u>Assessed Value</u>	<u>Percent of Value</u>
Residential	13	\$ 2,528,784	0.05%
Commercial	155	849,404,073	18.47
Industrial	530	2,339,038,409	50.85
Recreational	5	21,539,419	0.47
Institutional	2	1,004,624	0.02
Vacant	106	41,139,095	0.89
Poss Int/Min Rights	43	61,095,957	1.33
Miscellaneous	5	14,486,803	0.31
Government Owned	314	-	0.00
State Assessed Non-Unitary	7	509,031,174	11.07
Unsecured Value	<u>1,800</u>	<u>760,432,679</u>	<u>16.53</u>
Totals	2,980	\$4,599,701,017	100.00%

Source: Keyser Marston Associates, Inc.

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Top Ten Taxable Property Owners

The following table sets forth the top ten taxable property owners in Project Area No. 1 for Fiscal Year 2014-15.

Top Ten Taxable Property Owners Fiscal Year 2014-15

Assessee Name	Secured			Unsecured			Total		
	Value	Parcels	% of Secured Value	Value	Parcels	% of Unsecured Value	Value	% of Total Value	% of Incremental Value
1 Walnut Creek Energy LLC ⁽¹⁾	\$508,400,000	1	13.24%	-	-	0.00%	\$508,400,000	11.05%	11.86%
2 Puente Hills Mall LLC	189,537,660	5	4.94	203,919	1	0.03	\$189,741,579	4.13	4.43
3 Majestic Realty Company, et. al.	159,605,143	36	4.16	-	-	0.00	\$159,605,143	3.47	3.72
4 JCC California Properties LLC	135,539,513	17		-	-	0.00	\$135,539,513	2.95	3.16
5 Adcor Realty Corp / May Dept Stores Co. / Macy's West Stores Inc.	87,729,125	7	2.29	18,969,869	2	2.49	\$106,698,994	2.32	2.49
6 White Wave Foods Inc.	-	-	0.00	87,702,321	1	11.53	\$87,702,321	1.91	2.05
7 Quemet Co. West LLC	80,957,084	4	2.11	-	-	0.00	\$80,957,084	1.76	1.89
8 Alta Dena Certified Dairy LLC	-	-	0.00	70,423,027	3	9.26	\$70,423,027	1.53	1.64
9 New Age Kaleidoscope LLC	64,472,190	28	1.68	761,091	1	0.10	\$65,233,281	1.42	1.52
10 MCP Social Industrial Concourse LLC	50,000,000	2	1.30	-	-	0.00	\$50,000,000	1.09	1.17
Top Ten Property Owner Totals	\$1,276,240,715	100		\$178,060,227	8		\$1,454,300,942		
Project Area No. 1 Totals:	\$3,839,268,338		33.24%	\$760,432,679		23.42%	\$4,599,701,017	31.62%	
Project Area Incremental Project Area No. 1 Value:	\$3,637,469,671		35.09%	\$647,903,555		27.48%	\$4,285,373,226		33.94%

Source: Keyser Marston Associates, Inc.

⁽¹⁾ [description of Walnut Creek Energy LLC to come] See "RISK FACTORS – Concentration of Ownership."

Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the State Board of Equalization. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51(b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

The Fiscal Consultant researched the status of assessment appeals filed by property owners in Project Area No. 1 based upon the latest information available from the County Appeals Board database through the 1st Quarter of 2015. Resolved appeals (those that either resulted in a stipulated adjustment to the contested value or were unsuccessfully appealed due to County Appeals Board denial, an applicant non-appearance or application withdrawal) were analyzed for Project Area No. 1 to forecast the fiscal impact, if any, resulting from identified open/pending appeals filed in Project Area No. 1. The results of this survey of properties having an outstanding or recently stipulated appeal are summarized in the following table.

Assessment Appeals - Fiscal Year 2008-09 to Fiscal Year 2013-14

		<u>Total Contested</u>	<u>Applicant Opinion of Value</u>	<u>Total Resolved</u>	<u>Variance</u>
Total No. of Appeals from 2008/09 to 2013/14	1125				
No. of Resolved Appeals	848				
No. of Successfully Resolved Appeals	210	24.764151%			
Average Reduction of Successful Appeals	15.7657%	\$1,984,763,837	\$1,092,847,673	\$1,671,851,391	(312,912,446)
<hr/>					
Secured Total No. of Pending Appeals	207				
Secured Assumed No. of Pending Appeals Stipulated	51	No. Pending Appeals x % Successful All Project Areas			
Secured FY 2014-15 Open/Pending Appeals	(37,088,000)	949,952,000	555,705,000	912,864,000	(37,088,000)
Secured FY 2013-14 Open/Pending Appeals	(28,660,000)	734,064,000	433,498,000	705,404,000	(28,660,000)
Secured FY 2012-13 Open/Pending Appeals	(15,283,000)	391,448,000	209,472,000	376,165,000	(15,283,000)
Secured FY 2011-12 Open/Pending Appeals	(5,058,000)	129,555,000	84,945,000	124,497,000	(5,058,000)
Secured Prior 2011-12 Open/Pending Appeals	(1,310,000)	33,564,000	20,292,000	32,254,000	(1,310,000)
Secured Total Est. Reduction Assumed for Open/Pending Appeals	(87,400,000)	\$2,238,583,000	\$1,303,912,000	\$2,151,183,000	(87,400,000)
Secured Total Est. Tax Refund Open/Pending Appeals at 1%	(\$874,000)				
Sec Tax Refund Open/Pending Appeals based on 0.7375% Override	(\$644,575)				
<hr/>					
Unsecured Total No. of Pending Appeals	70				
Unsecured Assumed No. of Pending Appeals Stipulated	17	No. Pending Appeals x % Successful All Project Areas			
Unsecured FY 2014-15 Open/Pending Appeals	(5,950,000)	152,410,000	80,894,000	146,460,000	(5,950,000)
Unsecured FY 2013-14 Open/Pending Appeals	(8,905,000)	228,093,000	286,092,000	219,188,000	(8,905,000)
Unsecured FY 2012-13 Open/Pending Appeals	(4,806,000)	123,102,000	1,995,000	118,296,000	(4,806,000)
Unsecured FY 2011-12 Open/Pending Appeals	(2,267,000)	58,068,000	25,445,000	55,801,000	(2,267,000)
Unsecured Prior 2011-12 Open/Pending Appeals	(3,849,000)	98,582,000	81,454,000	94,733,000	(3,849,000)
Unsecured Total Est. Reduction Assumed for Open/Pending Appeals	(25,778,000)	\$660,255,000	\$535,880,000	\$634,477,000	(25,778,000)
Unsecured Total Est. Tax Refund Open/Pending Appeals at 1%	(\$257,780)				
Unsecured Tax Refund Open/Pending Appeals based on 0.7375% Override	(\$190,113)				

Source: 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 Redevelopment Property Tax Trust Fund of the Successor Agency. For purposes of the attached projections, an estimate of Project Area No. 1's Fiscal Year 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. (Tax refund estimate represents a tax refund on multiple fiscal year filings of appeals on the same parcel.) The estimated reduction in value identified above is assumed to be reflected in Project Area No. 1's aggregate assessed value commencing in Fiscal Year 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 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.

Historical Assessed Values

The following table sets forth the assessed values in Project Area No. 1 for the past ten fiscal years.

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Assessed Values - Fiscal Year 2005-06 through Fiscal Year 2014-15

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Secured										
Land	\$ 963,825,055	\$1,083,191,225	\$1,163,290,320	\$1,300,406,335	\$1,369,700,693	\$1,372,138,340	\$1,367,037,226	\$1,404,937,019	\$1,457,538,323	\$1,524,706,924
Improvements	1,534,529,855	1,588,202,924	1,592,680,409	1,671,649,143	1,744,065,553	1,687,308,207	1,655,415,325	1,685,085,569	1,705,893,329	1,758,227,593
Personal Prop Exemptions	49,341,837	47,917,631	40,692,374	41,027,432	48,327,320	53,333,442	52,916,818	56,146,579	48,720,411	55,105,645
Total Secured	2,547,340,097	2,718,947,998	2,796,292,047	3,012,704,435	3,155,212,931	3,105,915,664	3,068,453,358	3,138,553,737	3,204,384,327	3,330,237,164
State Assessed										
Land	8,000,977	6,633,152	308,830	308,830	236,956	312,492	312,492	7,010,121	7,002,320	12,202,320
Improvements	5,774,984	4,748,068	0	0	0	0	0	4,302,371	381,929,657	496,529,657
Personal Prop Exemptions	3,466,641	2,846,638	135,264	145,252	140,653	227,995	204,068	207,373	238,466	299,197
Total State Assessed	17,242,602	14,227,858	444,094	454,082	377,609	540,487	516,560	11,519,865	389,170,443	509,031,174
Unsecured										
Land	0	0	0	0	0	0	0	0	0	0
Improvements	316,758,860	357,867,660	381,323,754	424,128,808	433,572,492	393,084,412	358,847,622	341,023,230	354,013,999	362,226,496
Personal Prop Exemptions	346,838,070	366,440,272	400,087,139	439,019,144	434,985,102	375,444,603	372,929,172	369,176,810	370,620,373	399,100,183
Total Unsecured	662,712,930	723,418,932	780,521,893	862,252,952	867,668,594	767,640,015	730,884,194	709,311,040	723,745,372	760,432,679
Grand Total										
Land	971,826,032	1,089,824,377	1,163,599,150	1,300,715,165	1,369,937,649	1,372,450,832	1,367,349,718	1,411,947,140	1,464,540,643	1,536,909,244
Improvements	1,857,063,699	1,950,818,652	1,974,004,163	2,095,777,951	2,177,638,045	2,080,392,619	2,014,262,947	2,030,411,170	2,441,836,985	2,616,983,746
Personal Prop Exemptions	399,646,548	417,204,541	440,914,777	480,191,828	483,453,075	429,006,040	426,050,058	425,530,762	419,579,250	454,505,025
Grand Total	3,227,295,629	3,456,594,788	3,577,258,034	3,875,411,469	4,023,259,134	3,874,096,166	3,799,854,112	3,859,384,642	4,317,300,142	4,599,701,017
Base Year Value										
Secured	200,425,937	200,425,937	200,425,937	192,612,205	202,946,333	194,142,487	202,544,759	201,663,943	201,798,667	201,798,667
Unsecured	112,529,124	112,529,124	112,529,124	112,529,124	112,529,124	112,529,124	112,529,124	112,529,124	112,529,124	112,529,124
Add HOX	-	-	-	-	-	-	-	-	-	-
Base Year Value	312,955,061	312,955,061	312,955,061	305,141,329	315,475,457	306,671,611	315,073,883	314,193,067	314,327,791	314,327,791
Incremental Value	\$2,914,340,568	\$3,143,639,727	\$3,264,302,973	\$3,570,270,140	\$3,707,783,677	\$3,567,424,555	\$3,484,780,229	\$3,545,191,575	\$4,002,972,351	\$4,285,373,226

Source: Keyser Marston Associates, Inc.

Tax Revenue Receipts

The following table sets forth the tax revenue receipts for the past five fiscal years.

Historic Receipts to Levy Analysis

	2009-10	2010-11	2011-12	2012-13	2013-14
Reported Assessed Value ⁽¹⁾ :					
Secured	\$3,155,212,931	\$3,105,915,664	\$3,068,453,358	\$3,138,553,737	\$3,204,384,327
State Assessed	377,609	540,487	516,560	11,519,865	389,170,443
Unsecured	867,668,594	767,640,015	730,884,194	709,311,040	723,745,372
Total Project Value	4,023,259,134	3,874,096,166	3,799,854,112	3,859,384,642	4,317,300,142
Less Base Value ⁽¹⁾	315,475,457	306,671,611	315,073,883	314,193,067	314,327,791
Incremental Value	3,707,783,677	3,567,424,555	3,484,780,229	3,545,191,575	4,002,972,351
Tax Rate to Compute Tax Increment	1.79175%	1.79115%	1.79115%	1.00000%	1.00000%
Computed Gross Tax Increment	66,434,265	63,897,947	62,417,619	35,451,916	40,029,724
Unitary Tax Revenue	368,726	368,850	388,154	391,161	415,045
Total Computed Levy	66,802,991	64,266,798	62,805,773	35,843,076	40,444,768
Gross Based on Collections Rate ⁽²⁾ :					
Secured Tax Increment	52,195,622	51,523,588	51,116,051	29,230,533	33,666,571
Unsecured Tax Increment	13,140,096	11,411,600	10,774,405	5,863,382	5,575,515
Unitary Tax Revenue	368,726	368,850	388,154	391,161	415,045
Total Tax Based on Collections Rate	65,704,444	63,304,039	62,278,610	35,485,076	39,657,131
Variance From Computed Levy	(1,098,547)	(962,759)	(527,163)	(358,000)	(787,638)
% Collected (Current Levy Only)	98.36%	98.50%	99.16%	99.00%	98.05%
Post-Dissolution Actual Gross Tax Increment Allocated ⁽⁴⁾ :					
T.I. Allocated July 1, 2011 to January 31, 2012			31,443,102		
RPTTF Gross Allocation June 2012 (February 1, 2012 to June 30, 2012)			12,668,234		
RPTTF Gross Allocation January				20,965,926	20,006,628
RPTTF Gross Allocation June				17,531,485	21,638,156
Post-Dissolution Allocated Levy			\$44,111,336	\$38,497,411	\$41,644,784

Source: Keyser Marston Associates, Inc.

⁽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. **[where on table?]**

⁽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 Redevelopment Property Tax Trust Fund is shown.

Note: 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.

OVERRIDE REVENUES

Background. Property tax rates 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. The California Constitution allows local governments to levy voter-approved debt rates for two purposes: (1) to pay for indebtedness approved by voters prior to 1978, as allowed under Proposition 13, and (2) to pay the annual cost of general obligation bonds approved by voters for local infrastructure projects. At a special municipal election held on June 20, 1978, more than two-thirds of the City’s voters authorized the City to levy an *ad valorem* tax (the “Industry Property Tax Override”) in connection with up to \$250 million principal amount of City general obligation bonds (the “1978 Authorization”). Pursuant to the 1978 Authorization, the City has issued multiple series of general obligation bonds and general obligation refunding bonds. In connection with such outstanding general obligation bonds and general obligation refunding bonds, the City is obligated to and continues to levy the Industry Property Tax Override on taxable properties in the City, including properties within Project Area No. 1.

Override Tax Rates Calculation. The projection of annual Override Tax Rates set forth in the Authority Fiscal Consultant’s Report are based on the combined voter-approved annual debt service, the sum of which is then divided by the projected total assessed values available to support the voter-approved levy (i.e. assessed values of Tax District No. 1, plus the base year assessed values of the respective Project Areas). Tax District No. 1 is located within the City outside of the Project Areas and contains 61 tax rate areas (geographic subareas with common distribution of taxes and which are contained within the boundaries of Tax District No. 1). The City has historically contributed funds to pay a portion of its general obligation bonds secured by *ad valorem* taxes and thus maintain the levy on taxpayers at a lower level than the City would otherwise be entitled to levy. The current rate is 0.73750%. For purposes of projecting the Override Tax Rate in the Authority Fiscal Consultant’s Report, the 0.73750% override rate limit represents the maximum Override Tax Rate that the City will impose to fund the pre-1989 voter-approved indebtedness. The City will agree in the Indenture to maintain the levy for outstanding general obligation bonds at a rate no less than the current rate for such bonds, subject to certain conditions. See “APPENDIX H-1 – FISCAL CONSULTANT’S AUTHORITY REPORT” and “– Assignment and Transfer by the City of Settlement Override Allocation” below.

Historic Property Tax Override Collections. The following table sets for the Industry Property Tax Override Collections for the fiscal years shown.

Fiscal Year (June 30)	Property Tax Override Collections
2014 ⁽¹⁾	\$8,628,202
2013 ⁽¹⁾	8,735,368
2012 ⁽¹⁾	6,144,812
2011	620,986
2010	380,147
2009	390,429
2008	372,910

Source: Keyser Marston Associates, Inc.

⁽¹⁾ Post enactment of Dissolution Act.

Override Settlement Allocation. Under Section 33670(e) of the Health and Safety Code, which contains nearly identical language to California Constitution Article XVI Section 16(c), tax increment

revenues received by the Predecessor Agency excluded any property tax override levied by a taxing entity for bonds issued for the acquisition or improvement of real property if the levy of such override was approved by the voters of the taxing agency on or after January 1, 1989. Because the Property Tax Override was authorized in 1978 (i.e., before January 1, 1989), tax increment revenues allocated and paid to the Predecessor Agency with respect to Project Area No. 1 for each fiscal year included a portion of the Property Tax Override (such portion of the Property Tax Override referred to herein as the “Override Settlement Allocation”) and were therefor captured by the pledge given by the Predecessor Agency to the Refunded Bonds. Under implementation of the Dissolution Act, the County Auditor-Controller no longer allocates tax revenues to the Redevelopment Property Tax Trust Fund generated from tax override levies, but sends such amounts directly to the City.

Assignment and Transfer by the City of Settlement Override Allocation. In consideration for the Authority’s assistance to the Successor Agency in connection with the refunding of the Refunded Bonds and in full and final settlement and compromise with respect to tax revenues received and to be received by the City pursuant to the 1978 Authorization that prior to the Dissolution Act were received by the Predecessor Agency (all of which is acknowledged by the City as pledged to the Refunded Bonds), the City in the Indenture will assign, and covenant and agree to transfer to the Authority and only to the Authority as and when received by the City, all such Override Settlement Allocation for deposit in the Revenue Fund of the Indenture as security for the Bonds. The City will agree in the Indenture to maintain the levy for outstanding general obligation bonds of the City pursuant to the 1978 Authorization at a rate no less than the current rate for such bonds; provided, however, that revenues generated by such rate payable to the City (excluding the Override Settlement Allocation) will not exceed annual debt service on such general obligation bonds for the year levied, plus an allowance for delinquencies (in an amount not to exceed ten percent of such levy) and fees of any paying agent for the general obligation bonds.

ESTIMATED DEBT SERVICE COVERAGE

The following table sets forth the debt service coverage on the Bonds. Based on estimated Pledged Tax Revenues from Project Area No. 1, estimated Override Settlement Allocation and estimated transferred revenues from Project Areas No. 2 and Project Area No. 3, if any, coverage for Maximum Annual Debt Service is approximately ___%.

**Estimated Debt Service Coverage for Authority Bonds
Assuming No Growth
Fiscal Years 2014-15 through 2026-27
(In thousands)**

<u>Fiscal Year (June 30)</u>	<u>Pledged Tax Revenues</u>	<u>Override Settlement Allocation</u>	<u>Transferred Revenues⁽¹⁾</u>	<u>Total Revenues</u>	<u>Debt Service</u>	<u>Debt Service Coverage</u>
2015	\$37,694	\$30,216	\$			
2016	38,468	30,724				
2017	38,468	30,724				
2018	38,468	30,724				
2019	38,468	30,724				
2020	38,468	30,724				
2021	38,468	27,470				
2022	38,468	27,467				
2023	38,468	27,471				
2024	38,468	27,488				

Source: Keyser Marston Associates, Inc. and Underwriter.

⁽¹⁾ “Transferred Revenues” means revenues released from the lien for Senior Bonds in Project Area No. 2 and Project Area No. 3.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 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 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Local Obligations and the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Override Settlement Allocation and Transferred Revenues

As discussed above under the caption "OVERRIDE REVENUES," in consideration for the Authority's issuance of the Bonds, the City will assign, covenant and agree in the Indenture to transfer to the Authority all Override Settlement Allocation for deposit in the Revenue Fund of the Indenture. Override Settlement Allocation, together with revenue from the Local Obligations, is projected to be sufficient to pay the principal of and interest on the Bonds when due. See "ESTIMATED DEBT SERVICE COVERAGE" for a description of the projected coverage on the Bonds. Such coverage, however, could be materially and adversely affected by, among other things, growth in assessed valuations in Tax District No. 1 and Project Area No. 4, (ii) changes in debt service obligations for the City's general obligation bonds and/or (iii) collection of tax revenue in Project Area 1 that results in mandatory special redemptions of bonds issued by the Authority secured by tax revenue in Project Area No. 1.

In addition, transferred revenues from Project Area No. 2 and Project Area No. 3 available for debt service on the Bonds is dependent on there being surplus revenues after debt service on the bonds the Authority is issuing for Project Area No. 2 and Project Area No. 3 concurrently with the Bonds, that are secured in part by tax revenues and override settlement allocation for such Project Areas

Reduction in Taxable Value

Pledged Tax Revenues available to pay principal and interest on the Local Obligations are determined by the amount of incremental taxable value in Project Area No. 1 and the current rate or rates at which property in Project Area No. 1 is taxed. The reduction of taxable values of property in Project Area No. 1 caused by economic factors beyond the Successor Agency's control, such as relocation out of Project Area No. 1 by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the Local Obligations. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution," Article XIII A 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 inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a

calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Pledged Tax Revenues available to pay principal and interest on the Local Obligations.

In addition to the other limitations on, and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading “RISK FACTORS,” the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledge Tax Revenues and adversely affect the source of repayment and security of the Local Obligations and therefore on the Authority’s ability to make timely payments of principal of and interest on the Bonds.

Risks to Real Estate Market

The Successor Agency’s ability to make payments on the Local Obligations will be dependent upon the economic strength of Project Area No. 1. The general economy of Project Area No. 1 will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within each of Project Area No. 1 could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of Project Area No. 1, the owners of property within Project Area No. 1 may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Successor Agency from Project Area No. 1.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value 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 percent 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. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. The Authority is unable to predict if any adjustments to the full cash value of real property within Project Area No. 1, whether an increase or a reduction, will be realized in the future.

Development Risks

The general economy of Project Area No. 1 will be subject to all the risks generally associated with real estate development. Projected development within Project Area No. 1 may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within Project Area No. 1 could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development within Project Area No. 1 is delayed or halted, the economy of Project Area No. 1 could be affected. If such events lead to a decline in assessed values they could cause a reduction in Pledged Tax Revenues for Project Area No. 1. In addition, if there is a decline in the general economy of Project Area No. 1, the

owners of property within Project Area No. 1 may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the Pledged Tax Revenues received by the Successor Agency from Project Area No. 1. In addition, the insolvency or bankruptcy of one or more large owners of property within Project Area No. 1 could delay or impair the receipt of Pledged Tax Revenues by the Successor Agency.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in Project Area No. 1, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Local Obligations. Any reduction in Pledged Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the 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 State Department of Finance for approval, a Recognized Obligation Payment Schedule 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. Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

If a Successor Agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the Successor Agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the State Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the County Auditor-Controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local Successor Agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (ii) second, on each January 2 and June 1, to the Successor Agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to the Successor Agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Local Obligations in Recognized Obligation Payment Schedules for each six-month period and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indentures or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period.

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Future Implementation of Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1,

2012, by *Syncora Guarantee Inc. and Syncora Capital Assurance Inc.* (collectively, “Syncora”) 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). 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 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.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora’s constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora’s takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency’s ability to timely pay debt service on the Local Obligations and therefore on the Authority’s ability to make timely payments of principal of and interest on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Local Obligations and the Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Estimated Revenues

In estimating that Revenues will be sufficient to pay debt service on the Bonds, the Authority has made certain assumptions with regard to present and future assessed valuation in Project Area No. 1, future tax rates and percentage of taxes collected. The Authority believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Revenues available to pay debt service on the Bonds

will be less than those projected and such reduced Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Assumptions and Projections

To estimate the Pledged Tax Revenues available to pay debt service on the Local Obligations, the Fiscal Consultant has made certain assumptions with regard to present and future assessed valuation in Project Area No. 1, future tax rates and percentage of taxes collected. The Authority 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 Pledged Tax Revenues available to pay debt service on the Local Obligations and therefor on the Authority's ability to pay the principal of and interest on the Bonds may be less than those projected. No assurance can be made that the aggregate coverage projections with respect to the Bonds will be met.

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," "project," "expect," "anticipate," "intend," "believe," "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 that 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. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within Project Area No. 1. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition 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 Project Area No. 1 be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Natural Disasters

The value of the property in Project Area No. 1 in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in Project Area No. 1 could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the Local Obligations or the Authority's ability to pay debt service on the Bonds.

Secondary Market

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

Concentration of Ownership

[The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within Project Area No. 1 is concentrated among a relatively few number of property owners. Ownership of property in Project Area No. 1 has a relatively high concentration among the top ten property owners, with such top ten property owners accounting for 31.62% of the Fiscal Year 2014-15 assessed valuation and 33.94% of Project Area No. 1 incremental value. Significant reduction in the assessed values of these property owners could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the Bonds as such payments become due and payable.]

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, *ad valorem* taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

Collections. Secured and unsecured property 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. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a

lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each 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. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within Project Area No. 1, Pledged Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. The County's administrative charge to the Successor Agency for Fiscal Year 2014-15 is \$816,843.64.

Statutory Pass-Through Amounts. The payment of Statutory Pass-Through Amounts (defined in APPENDIX A) results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Statutory Pass-Through Amounts" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to Project Area No. 1.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the 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 State Department of Finance for approval, a Recognized Obligation Payment Schedule 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. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule" and "RISK FACTORS – Recognized Obligation Payment Schedule."

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive that 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 is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides 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 provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county 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.

Article XIII A of the State Constitution

Article XIII A limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. 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." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or

improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchase” and “change of ownership,” for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature’s action, the growth of property tax revenues may decline.

Legislation enacted by the 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 this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIII B

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment Successor Agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an Successor Agency of proceeds of taxes levied by or on behalf of an Successor Agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Articles XIII C and XIII D of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See also “– Propositions 218 and 26” below.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State 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 certain bonded indebtedness issued by a taxing entity (not the Predecessor Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code 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.

Propositions 218 and 26

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

Future Initiatives

Article XIII A, Article XIIB, Article XIIC and Article XIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency’s ability to expend revenues.

TAX MATTERS

State Tax Exemption. In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State. Except as stated in the immediately preceding sentence, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. A copy of the form of opinion of Bond Counsel relating to the Bonds is included in APPENDIX E.

Federal Income Tax Considerations. The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Code, United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor’s particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will

hold the Bonds as “capital assets” within the meaning of section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code (“United States persons”) and, except as discussed below, does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCE TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

Interest on the Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from gross income for federal income tax purposes. The Authority has taken no action to cause, and does not intend, interest on the Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The Authority intends to treat the Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. **THE AUTHORITY EXPECTS THAT THE INTEREST PAID ON A BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.**

Disposition of Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount. An owner of Bonds will generally recognize gain or loss on the sale or exchange of the Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued interest) and the owner’s adjusted tax basis in the Bonds. Generally, the owner’s adjusted tax basis in the Bonds will be the owner’s initial cost, increased by original issue discount (if any) previously included in the owner’s income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner’s holding period for the Bonds.

Under current law, a purchaser of Bond who did not purchase that Bond in the initial public offering (a “subsequent purchaser”) generally will be required, on the disposition (or earlier partial principal payment) of such Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued “market discount.” In general, market discount is the amount by which the price paid for such Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that Bond (or, in the case of a Bond bearing original issue discount, is less than the “revised issue price” of that Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Bonds could have a material effect on the market value of such Bonds.

Stated Interest and Reporting of Interest Payments. The stated interest on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting

method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each owner of a Bond for federal income tax purposes.

Original Issue Discount. If the first price at which a substantial amount of the Bonds of any stated maturity is sold (the “Issue Price”) is less than the face amount of those Bonds, the excess of the face amount of each Bond of that maturity over the Issue Price of that maturity is “original issue discount”. If the original issue discount on a Bond is less than the product of one quarter of one percent of its face amount times the number of complete years to its maturity, the original issue discount on that Bond will be treated as zero. Original issue discount on a Bond will be amortized over the life of the Bond using the “constant yield method” provided in the Treasury Regulations. As the original issue discount on a Bond accrues under the constant yield method, the owner of that Bond, regardless of its regular method of accounting, will be required to include such accrued amount in its gross income as interest. This can result in taxable income to the owners of the Bonds that exceeds actual cash distributions to the owners in a taxable year. To the extent that a Bond is purchased at a price that exceeds the sum of the Issue Price of that Bond and all original issue discount previously includible by any holder in gross income (the “revised issue price” of that Bond), the subsequent accrual of original issue discount to that purchaser must be reduced to reflect that premium.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the Service and to the owners. The portion of the original issue discount included in each owner’s gross income while the owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such owner.

Amortizable Bond Premium. An owner that purchases a Bond for an amount that is greater than its stated redemption price at maturity will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. The owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Owners of the Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

Defeasance. Persons considering the purchase of a Bond should be aware that the bond documents permit the Authority under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Indenture (a “defeasance”). A defeasance could result in

the realization of gain or loss by the owner of a Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Owners of Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Backup Withholding. Under section 3406 of the Code, an owner of the Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” of current or accrued interest on the Bonds or with respect to proceeds received from a disposition of the Bonds. This withholding applies if such owner of Bonds: (i) fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the Bonds. Owners of the Bonds should consult their own tax advisers regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such an owner of the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner’s United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax law, and of any proposed change of applicable law.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (being the principal amount of the Bonds [plus/less] a net original issue [premium/discount] of \$_____ and less an underwriter’s discount of \$_____). The Underwriter will purchase all of the Bonds if any are purchased. The Underwriter may offer and sell Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The Successor Agency has retained the Financial Advisor in connection with the authorization, issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, an independent certificated public accountant, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the Underwriter, relating to the sufficiency of monies deposited into the Escrow Funds created under the Escrow Agreements to redeem all of the outstanding Refunded Bonds on the Redemption Dates.

The report of the Verification Agent, 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 date or information coming to its attention, subsequent to the date of its report.

LITIGATION

There is no action, suit or proceeding known to the Authority to be pending and notice of which has been served upon and received by the Authority, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority taken with respect to any of the foregoing.

The Successor Agency has filed no lawsuits and is not involved in any current litigation in connection with the dissolution of redevelopment. However, there are numerous lawsuits pending that could have a material impact on tax revenues available for the Local Obligations. See “RISK FACTORS – Future Implementation of the Dissolution Act.”

RATINGS

Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services, LLC Company (“S&P”) has assigned its rating of “___” to the Bonds. The ratings reflect only the view of S&P as to the credit quality of the Bonds, and explanation of the significance of the ratings may be obtained from S&P. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant.

Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated as of June 1, 2015 (the “Continuing Disclosure Agreement”), by and between the Authority and _____ as Dissemination Agent, the Authority has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority not later than eight (8) months following the end of the Authority’s Fiscal Year (which Fiscal Year presently ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year 2014-15, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events, if any, will be filed by the Authority or its agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of certain enumerated events is set forth in “APPENDIX D-1 – FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission.

Pursuant to a Continuing Disclosure Agreement, dated as of June 1, 2015 (the “Continuing Disclosure Agreement”), by and between the Successor Agency and _____ as Dissemination Agent, the Successor Agency has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency not later than eight (8) months following the end of the Successor Agency’s Fiscal Year (which Fiscal Year presently ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year 2014-15, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events, if any, will be filed by the Successor Agency or its agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of certain enumerated events is set forth in “APPENDIX D-2 – FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with the Rule.

[insert any applicable filing details regarding the Authority and Successor Agency] On March 27, 2014, the City adopted Continuing Disclosure Compliance Procedures to assist the City, the Authority and the Successor Agency in complying with its undertakings under the Rule.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Bonds is subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, to be delivered in substantially the form set forth in Appendix B herein. Burk, Williams & Sorensen, LLP, Los Angeles, California, is serving as Authority Counsel. Richards, Watson & Gershon, a Professional Corporation, Los Angeles, California, is serving as Successor Agency Counsel. Bond Counsel, Authority Counsel and Successor Agency Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Norton Rose Fulbright US LLP, Los Angeles, California, is serving as Disclosure Counsel to the Authority, and Nixon Peabody LLP, Los Angeles, California, is serving as Underwriter’s Counsel.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement by their Executive Directors has been duly authorized by the Authority and the Successor Agency.

**CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY**

By: _____
Executive Director

**SUCCESSOR AGENCY TO THE INDUSTRY
URBAN-DEVELOPMENT AGENCY**

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

APPENDIX B
FORM OF BOND COUNSEL OPINION

APPENDIX C

BOOK-ENTRY SYSTEM

The information in this APPENDIX C concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Appendix. 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 Successor 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. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the

event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX D-1

FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT

APPENDIX D-1

FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the City of Industry Public Facilities Authority (the “Authority”) and [Dissemination Agent], as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$[Par Amount] aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2015 (the “Indenture”), by and between the City of Industry Public Facilities Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Authority and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the Owners and Beneficial Owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Section 3 this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Authority for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(c) of this Disclosure Agreement.

“Beneficial Owner” shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

“Dissemination Agent” shall mean initially, [Dissemination Agent], acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority, and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the Authority, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated _____, 2015, relating to the Bonds.

“Owner” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision and Contents of Annual Report.

(a) So long as any Bonds remain outstanding, the Authority shall, or shall cause the Dissemination Agent to, not later than eight (8) months occurring after the end of the Authority’s Fiscal Year, commencing with the Fiscal Year ended June 30, 2015, provide to the MSRB, through EMMA, a copy of its Annual Report.

(b) Each Annual Report shall contain Audited Financial Statements and shall also contain Annual Financial Information consisting of the following information for the immediately prior Fiscal Year: [(i) the aggregate annual debt service for the Bonds, (ii) the actual amount of Pledged Tax Revenues received by the Trustee for deposit in the Revenue Fund, (iii) the actual amount of Override Settlement Allocation received by the Trustee for deposit in the

Revenue Fund, (iv) the actual amount of Surplus Override Settlement Allocation received by the Trustee for deposit in the Revenue Fund, (v) the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund, and (vi) the debt service coverage with respect to the Bonds based on the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund.]

(c) If the Authority's Audited Financial Statements are not available by the time such Audited Financial Statements are required to be filed pursuant to Section 3(a), the Authority shall submit unaudited financial statements. When the Audited Financial Statements are available, the Authority shall provide in a timely manner an electronic copy to the Dissemination Agent for filing with the MSRB. The Annual Report, or portions thereof, may be contained in the City of Industry's comprehensive annual financial report ("CAFR") and submission of such CAFR to the MSRB through EMMA shall constitute compliance for submission of those portions of the Annual Report.

(d) The Annual Report must be submitted in electronic format, accompanied by such identifying information as required by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3(f) of this Disclosure Agreement. If the Fiscal Year changes for the Authority, the Authority shall give notice of such change in the manner provided under Section 5(e) hereof.

(e) Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Authority or related public entities, available to the public on EMMA or filed with the SEC. The Authority shall clearly identify each such other document so included by reference.

(f) The contents, presentation and format of the Annual Report may be modified from time to time as determined in the judgment of the Authority to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Authority or to reflect changes in the business, structure, operations, legal form of the Authority.

(g) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(h) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB prior to the date for providing the Annual Reports; and

(ii) to the extent known to the Dissemination Agent file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Reserved.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) tender offers;
- (iv) rating changes;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (vii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (viii) substitution of credit or liquidity providers or their failure to perform; or
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States 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 Authority, or if such jurisdiction has been assumed by leaving the existing governing 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 Authority.

(b) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) the consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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;

- (ii) appointment of a successor or additional Trustee or the change of the name of a Trustee;
- (iii) non-payment related defaults;
- (iv) modifications to the rights of Owners;
- (v) Bond calls;
- (vi) release, substitution or sale of property securing repayment of the Bonds;

or

(vii) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Authority shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Authority determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Authority shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to EMMA in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all Outstanding Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of outstanding Bonds with indemnification satisfactory to it, shall), or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority), as the case may be, to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority) to comply with this Disclosure Agreement shall be an action to compel performance. The Trustee shall not owe any fiduciary duty to the Participating Underwriter nor shall its failure to comply with the request of any Participating Underwriter result in a breach of any of its fiduciary duties owed to the Owners.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. If the Trustee performs the duties assigned to it hereunder, the Trustee shall not be responsible to any person for any failure by the Authority or the Dissemination Agent (if other than the Trustee)

to perform duties or obligations imposed hereby. The Dissemination Agent shall have the same rights and protections hereunder as accorded to the Trustee under the Indenture. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any owner of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Authority.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

[Remainder of page intentionally left blank.]

SECTION 14. Governing Law. This Disclosure Agreement shall be governed and construed in accordance with the laws of the State.

SECTION 15. 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.

Dated: as of June 1, 2015

CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY

By _____
Executive Director

[DISSEMINATION AGENT], as Dissemination
Agent

By _____
Authorized Officer

EXHIBIT A
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Industry Public Facilities Authority (the “Authority”)
Name of Bond Issue: \$[Par Amount] City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable)
Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 1, 2014, with respect to the Bonds. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

[DISSEMINATION AGENT]
as Dissemination Agent

on behalf of the Authority

APPENDIX D-2

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUND - JUNE 30, 2014

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX G

SUPPLEMENTAL INFORMATION – THE CITY OF INDUSTRY

APPENDIX H-1
FISCAL CONSULTANT'S AUTHORITY REPORT

APPENDIX H-2

FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT

\$ _____
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds
Series 2015A
(Civic-Recreational-Industrial Redevelopment Project No. 1)
(Taxable)

BOND PURCHASE AGREEMENT

May [__], 2015

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement with the City of Industry Public Facilities Authority (the “Authority”) and the Successor Agency to the Redevelopment Agency of the City of Industry (the “Successor Agency” and, together with the Authority, the “Industry Entities”), which, upon the Industry Entities’ acceptance hereof, will be binding upon the Industry Entities and the Underwriter. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Industry Entities and the delivery of such acceptance to the Underwriter or its attorney at or prior to 6:00 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Industry Entities at any time prior to the acceptance hereof by the Industry Entities.

1. **Definitions.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Official Statement (as defined below). Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Authority Bond Resolution” means, collectively, (i) Authority Resolution No. PFA 2014-3 adopted by the Authority’s Board of Directors on December 11, 2014 which authorized the Authority’s issuance of the Bonds and entry into the Authority Indenture, and (ii) Authority Resolution No. PFA 2015-[_] adopted by the Authority’s Board of Directors on May [__], 2015 which authorized the Authority’s entry into this Bond Purchase Agreement and the Authority

Continuing Disclosure Agreement, and the preparation, use and distribution of the Preliminary Official Statement and the Official Statement.

“Authority Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, between the Authority and [_____], as Dissemination Agent.

“Authority Legal Documents” means the Indenture, the Authority Continuing Disclosure Agreement and the Tax Certificate.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584 of the Government Code of the State), as amended from time to time.

“Bond Purchase Agreement” means this Bond Purchase Agreement.

“Bonds” means the \$_____ aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable).

“Business Day” means any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Industry Entities are legally authorized to close.

“City” means the City of Industry, California.

“Closing Date” has the meaning given such term in Section 7 hereof.

“Closing Time” means the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreements” means, collectively, the Authority Continuing Disclosure Agreement and the Successor Agency Continuing Disclosure Agreement.

“End Date” has the meaning set forth in Section 2 hereof.

“Indenture” means the Indenture of Trust (Project Area No. 1), dated as of [_____] 1, 2015, between the Authority and U.S. Bank National Association, as Trustee.

“Legal Documents” means, collectively, the Authority Legal Documents and the Successor Agency Legal Documents.

“Local Obligation Indenture” means the Indenture of Trust (Project Area No. 1), dated as of [_____] 1, 2015, between the Successor Agency and U.S. Bank National Association, as trustee.

“Local Obligations” means \$_____ aggregate principal amount of Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable).

“Official Statement” means the Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Pledged Tax Revenues” means (a) all taxes annually allocated to the Successor Agency with respect to Project Area No. 1 following the date of issuance and delivery of the Local Obligations (the “Delivery Date”) pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code and section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, and including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemption and tax limitations; but excluding all other amounts of such taxes (if any) (i) which are required by law on the Delivery Date to be deposited by the Successor Agency in a housing fund, if any, (ii) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) any amounts payable by the Successor Agency pursuant to sections 33607.5 or 33607.7 of the Health and Safety Code, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds and any parity debt authorized under the Prior 2002 Indenture or Prior 2003 Indenture; and (iv) amounts of such taxes (if any) which are required to be paid to any other public agency under Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code or under agreement between the Successor Agency and such public agency and (b) all taxes distributed by the County of Los Angeles Auditor-Controller from the Redevelopment Property Tax Trust Fund that are received by the Successor Agency, if any, resulting from the levy of an *ad valorem* tax by the City pursuant to voter authorization at a special municipal election on June 20, 1978 that were pledged to the Refunded Bonds.

“Preliminary Official Statement” means the Preliminary Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Refunding Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“State” means the State of California.

“Successor Agency Bond Resolution” means, collectively, the Successor Agency Resolution No. SA 2014-05 adopted by the Successor Agency’s Board of Directors on December 11, 2014, as approved by the Oversight Board for the Successor Agency in Resolution No. OB 2014-28 adopted on December 11, 2014, and the State Department of Finance as evidenced in a letter to the Successor Agency dated January 22, 2015, all of which authorized and approved the

Successor Agency's issuance of the Local Obligations and entry into the Local Obligation Indenture.

“Successor Agency Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Local Obligations, between the Successor Agency and [_____], as Dissemination Agent.

“Successor Agency Legal Documents” means the Local Obligation Indenture, the Successor Agency Continuing Disclosure Agreement [and the Successor Agency Tax Certificate].

“Tax Certificate” means the Tax Certificate of the Authority relating to the 2015A Bonds dated the Closing Date.

2. Use and Preparation of Official Statement; Continuing Disclosure Agreements. The Authority has heretofore delivered to the Underwriter electronic copies of the Preliminary Official Statement, which the Authority hereby deems final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Authority shall prepare and deliver to the Underwriter, as promptly as practicable, but in no event later than seven (7) Business Days from the date hereof and at least two (2) Business Days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Underwriter, in such form and quantities as the Underwriter may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Authority hereby ratifies, confirms and approves the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement, and hereby authorizes the Underwriter to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the Bonds. The Underwriter agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Authority, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Authority shall deliver sufficient copies of the Official Statement to enable the Underwriter to distribute a single copy to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Authority may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriter. In any event, the Underwriter shall promptly notify the Authority of the end of the underwriting period.

The Industry Entities will undertake pursuant to the Continuing Disclosure Agreements, to be dated the date of issuance of the Bonds, to provide certain annual financial and operating information and certain event notices. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

3. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby

agrees to purchase from the Authority the Bonds for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[_____] aggregate principal amount of the Bonds at an aggregate purchase price of \$[_____] (the “Purchase Price”), representing the aggregate principal amount of the Bonds, plus an original issue premium of \$[_____] , less an underwriter’s discount of \$[_____].

4. The Bonds and the Local Obligations. The principal amounts, maturity dates, interest rates and prices with respect to the Bonds shall be as described in the Official Statement and in Exhibit A hereto. The principal amounts, maturity dates, interest rates and prices with respect to the Local Obligations shall be as described in Exhibit A hereto.

5. Public Offering of the Bonds. Except as otherwise disclosed and agreed to by the Authority, the Underwriter agrees to make a bona fide public offering of the Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Exhibit A hereto; provided, however, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and to sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Official Statement. A “bona fide public offering” shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

6. Use of Documents. The Industry Entities hereby authorize the Underwriter to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Agreement, the Preliminary Official Statement the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., Pacific time, on [_____] [___], 2015, or at such other time or on such later date as shall have been mutually agreed upon by the Authority and the Underwriter (the “Closing Date”). At the Closing Time, the Authority will deliver or cause to be delivered the Bonds to the Underwriter through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the Authority, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Norton Rose Fulbright US LLP, Los Angeles, California, or at such other place as shall have been mutually agreed upon by the Authority and the Underwriter.

8. Representations, Warranties and Agreements of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City and the Industrial Development Agency of the City of Industry, and under the provisions of the Act, and is authorized pursuant to the Bond Law to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies. The Authority has the power to issue the Bonds pursuant to the Act, the Bond Resolution and the Indenture.

(b) The Authority has full legal right, power and authority under the Constitution and the laws of the State to adopt the Bond Resolution, to enter into the Authority Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Bonds to the Underwriter as provided herein; the Authority has full legal right, power and authority to perform its obligations under the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Authority has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, and laws of the State, and the terms of the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Authority has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement, and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, this Bond Purchase Agreement and the Authority Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Authority Legal Documents. When executed and delivered by their respective parties, the Authority Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriter as provided herein, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial

discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of the Authority Legal Documents by the Authority have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Authority is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Authority Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Bond Purchase Agreement and the Authority Legal Documents and compliance with the Authority's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Authority Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Authority's knowledge, threatened against the Authority: (i) in any way affecting the existence of the Authority or in any way challenging the respective powers of the several offices or the titles of the officials of the Authority to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the application of the proceeds of the sale of the Bonds; (iii) in any way contesting or affecting, as to the Authority, the validity or enforceability of the Act, the proceedings authorizing the Bond Resolution, the Bonds, the Authority Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Authority or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Authority Legal Documents or this Bond Purchase Agreement; (v) contesting the exclusion from gross income of interest on the 2015A Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official

Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Authority to perform and satisfy its obligations under this Bond Purchase Agreement, the Authority Legal Documents or the Bonds; nor to the best of the Authority's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement or the performance by the Authority of its obligations thereunder, or the authorization, execution, delivery or performance by the Authority of the Bonds, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Authority will not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority or except for the issuance and sale of the Authority's City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) in the aggregate principal amount of \$_____, and its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) in the aggregate principal amount of \$_____.

(i) The Authority will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; and the Authority will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriter of receipt by the Authority of any written notification with regard to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(j) The Authority has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Act, the Bond Resolution and the Indenture.

(k) The Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption "THE

BONDS” and Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — General,” “— The Plan of Refunding” and “PLAN OF REFUNDING”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(l) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12), as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption “UNDERWRITING,” the yield set forth on the inside cover page, all information concerning the book-entry system set forth under the caption “THE BONDS — Book-Entry System” and in Appendix C, and the information set forth in Appendices H-1 and H-2 as to which no representations or warranties are made, and the information in Appendix G which is correct in all material respects (collectively, the “Excluded Information”)).

(m) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the Excluded Information) did not and does not contain any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(n) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) The Authority shall not amend or supplement the Official Statement without the prior written consent of the Underwriter. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriter thereof, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish (at the expense of the Authority) a reasonable number of copies of an amendment or supplement to the Official Statement in form and substance satisfactory to the Underwriter.

(p) Except as described in the Preliminary Official Statement and the Official Statement, the Authority has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(q) The Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(r) Prior to the Closing Time, the Authority will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Authority.

(s) Upon the delivery of the Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture will not in combination with all outstanding debt obligations of the Authority exceed any limitation imposed by law.

(t) The Authority has complied during the previous five years with all previous undertakings required pursuant to Rule 15c2 12.

(u) Any certificate, signed by any official of the Authority in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

8-A. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents, warrants and agrees with the Underwriter that:

(a) The Successor Agency is a public body corporate and politic, duly organized and existing under the laws of the State, particularly Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State (the "Dissolution Act") and City Council of the City Resolution No. CC 2011-20 adopted on September 22, 2011, and has the power to issue the Local Obligations pursuant to the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture.

(b) The Successor Agency has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Pledged Tax Revenues, to adopt the Successor Agency Bond Resolution, to enter into the Successor Agency Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Local Obligations to the Authority as provided herein; the Successor Agency has full legal right, power and authority to perform its obligations under the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Refunding Law and the laws of the State, and the terms of the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Successor Agency has duly adopted the Successor Agency Bond Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Local Obligations, this Bond

Purchase Agreement and the Successor Agency Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Successor Agency Bond Resolution, and the Successor Agency Legal Documents. When executed and delivered by their respective parties, the Successor Agency Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Local Obligations, when issued, authenticated and delivered in accordance with the Successor Agency Bond Resolution and the Local Obligation Indenture, and sold to the Authority, will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Local Obligation Indenture and the Successor Agency Bond Resolution

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Local Obligations and the execution, delivery of and performance of the Successor Agency Legal Documents by the Successor Agency have been duly obtained.

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject (including, without limitation, the Successor Agency Bond Resolution and the Successor Agency Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Successor Agency Bond Resolution, the issuance, delivery and sale of the Local Obligations and the execution and delivery of this Bond Purchase Agreement and the Successor Agency Legal Documents and compliance with the Successor Agency's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other

security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency or under the terms of any such law, regulation or instruments, except as provided by the Successor Agency Bond Resolution and the Successor Agency Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Successor Agency's knowledge, threatened against the Successor Agency: (i) in any way affecting the existence of the Successor Agency or in any way challenging the respective powers of the several offices or the titles of the officials of the Successor Agency to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Local Obligations, the application of the proceeds of the sale of the Local Obligations, the levy or collection of the Pledged Tax Revenues; (iii) in any way contesting or affecting, as to the Successor Agency, the validity or enforceability of the Act, the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Successor Agency or its authority with respect to issuance or delivery of the Local Obligations, the adoption of the Successor Agency Bond Resolution, or the execution and delivery of the Successor Agency Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to collect the Pledged Tax Revenues; (v) contesting the exclusion from gross income of interest on the 2015A Local Obligations for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Successor Agency to perform and satisfy its obligations under this Bond Purchase Agreement, the Successor Agency Legal Documents or the Local Obligations; nor to the best of the Successor Agency's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement or the performance by the Successor Agency of its obligations thereunder, or the authorization, execution, delivery or performance by the Successor Agency of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Successor Agency will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Successor Agency or relating to the Project or except its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt), its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt), and its Successor Agency to the Industry Urban-

Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable).

(i) The Successor Agency has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Local Obligations as provided in and subject to all of the terms and provisions of the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture.

(j) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has not granted a lien on or made a pledge of the Pledged Tax Revenues or any other funds pledged under the Local Obligation Indenture.

(k) The Successor Agency is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(l) Upon the delivery of the Local Obligations, the aggregate principal amount of Local Obligations authorized to be issued under the Local Obligation Indenture, together with all outstanding Parity Obligations, will not in combination with all outstanding debt obligations of the Successor Agency exceed any limitation imposed by law or by the Local Obligation Indenture.

(m) Any certificate, signed by any official of the Successor Agency connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the statements made therein.

9. Conditions to the Underwriter Obligations. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Authority and the Successor Agency contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriter obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Authority and the Successor Agency contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Authority and the Successor Agency official or officials dated the Closing Date, and the Authority and the Successor Agency shall each be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Bond Resolution, the Authority Legal Documents and the Successor Agency Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority and the Underwriter, (ii) the Authority shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Authority Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time and (iii) the Successor Agency shall

perform or have performed all of its obligations required under or specified in the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Authority relating to this Bond Purchase Agreement, the Authority Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Authority, the Act, the Pledged Tax Revenues, or the Bonds as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Successor Agency, the Act, the Pledged Tax Revenues, or the Local Obligations as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(f) At or prior to the Closing Date, the Underwriter shall receive copies of each of the following documents:

(1) A certified copy of Authority Resolution No. PFA 2014-03 adopted on December 11, 2014 authorizing and approving the Authority Indenture and the issuance of the Bonds, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(2) A certified copy of Authority Resolution No. PFA 2015-[__] adopted on May [__], 2015 approving and authorizing the Preliminary Official Statement, the Official Statement, the Authority Continuing Disclosure Agreement and the Bond Purchase Agreement, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(3) A certified copy of the Successor Agency Resolution No. SA 2014-05 adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary of the Successor Agency Board of Directors to the effect that such Successor

Agency Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(4) A certified copy of the Oversight Board for the Successor Agency Resolution No. OB 2014-28 adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary or Clerk of the Oversight Board to the effect that such Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(5) A certified copy of the letter from the State Department of Finance to the Successor Agency dated January 22, 2015 in the form attached to the Preliminary Official Statement and Official Statement as Appendix F.

(6) A certified copy of City Council Resolution No. CC 2011-20 adopted on September 22, 2011 pursuant to which the City Council elected to serve as the Successor Agency, together with a certificate of the City Clerk to the effect that such City Council Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(7) A copy of the Validation Judgment Order in Case No. 34-2014-00173219 of the Superior Court for the County of Sacramento confirming the validity of the Bonds, the Local Obligations, the Indenture and the Local Obligation Indenture together with a copy of the case docket showing no notice of appeal has been filed.

(8) Fully executed copies of each of the Authority Legal Documents.

(9) Fully executed copies of each of the Successor Agency Legal Documents.

(10) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Authority and the Successor Agency by their respective Executive Directors.

(11) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority (“Bond Counsel”), dated the Closing Date, as to the validity of the Bonds and the exclusion of interest on the Bonds from State income taxation, addressed to the Authority substantially in the form attached as Appendix B to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(12) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Successor Agency, dated the Closing Date, as to the validity of the Local Obligations and the exclusion of interest on the Local Obligations from State income taxation, addressed to the Successor Agency [substantially in the form attached as Appendix B to the Official Statement], and a reliance letter with respect thereto addressed to the Underwriter.

(13) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) the Bond Purchase Agreement, the Commitment Agreement and the Authority Continuing Disclosure Agreement have each been duly executed and delivered by the Authority and each is valid and binding upon the Authority, and enforceable against the Authority, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) the Bond Purchase Agreement, the Commitment Agreement and the Successor Agency Continuing Disclosure Agreement have each been duly executed and delivered by the Successor Agency and each is valid and binding upon the Successor Agency, and enforceable against the Successor Agency, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(iii) the statements contained in the Preliminary Official Statement and in the Official Statement in the sections titled "THE BONDS" (other than the information concerning DTC and the book-entry system), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "OVERRIDE REVENUES," "TAX MATTERS" and Appendix A — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indentures, the Bonds, the Local Obligations, and the form and content of such counsel's opinion attached as Appendix B to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iv) the Bonds and the Local Obligations are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indentures are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(14) A letter from Norton Rose Fulbright US LLP, Disclosure Counsel, dated the Closing Date and addressed to the Authority, substantially in the form set forth in Exhibit B hereto, and a reliance letter with respect thereto addressed to the Underwriter,

(15) The opinion of Nixon Peabody LLP, Underwriter's Counsel, addressed to the Underwriter, in form and substance acceptable to the Underwriter, covering such items as the Underwriter may request.

(16) The opinion of Burke, Williams & Sorenson, LLP, General Counsel to the Authority, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Authority has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Authority Legal Documents and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Revenues as contemplated by the Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Authority has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Authority has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Authority Legal Documents and the Bonds;

(iii) the Bond Resolution was duly adopted by the Authority Board at a meeting of the Authority Board which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Bond Resolution, the execution and delivery by the Authority of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Authority a material breach of or default under any agreement or instrument to which the Authority is a party or by which it is bound;

(v) the Bonds, the Authority Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Authority and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Authority in any

court in any way affecting the titles of the officials of the Authority to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority or its authority with respect to the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Authority contained in the Preliminary Official Statement and the Official Statement (excluding from each any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Authority of the Authority Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriter); and

(ix) to our current actual knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement.

(17) The opinion of [_____], General Counsel to the Successor Agency, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Successor Agency has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Successor Agency Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Local Obligations; (d) to pledge the Pledged Tax Revenues as contemplated by the Local Obligation Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Successor Agency has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Successor Agency has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Successor Agency Legal Documents, the Commitment Agreement and the Local Obligations;

(iii) the Successor Agency Bond Resolution was duly adopted at a meeting of the Successor Agency Board which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Successor Agency Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Successor Agency Bond Resolution, the execution and delivery by the Successor Agency of the Bond Purchase Agreement, the Successor Agency Legal Documents and the Local Obligations and the compliance with the provisions of the Bond Purchase Agreement, the Successor Agency Legal Documents and the Local Obligations do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Successor Agency a material breach of or default under any agreement or instrument to which the Successor Agency is a party or by which it is bound;

(v) the Local Obligations, the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement constitute binding and legal obligations of the Successor Agency and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Successor Agency in

any court in any way affecting the titles of the officials of the Successor Agency to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Local Obligations, or the collection of Pledged Tax Revenues pledged or to be pledged to pay the principal of and interest on the Local Obligations, or in any way contesting or affecting the validity or enforceability of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Successor Agency or its authority with respect to the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Successor Agency, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Local Obligations contained in the Preliminary Official Statement and the Official Statement (excluding any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Successor Agency of the Successor Agency Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the sale of the Local Obligations); and

(ix) to our current actual knowledge, the Successor Agency is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Successor Agency's ability to enter into or

perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement.

(18) A certificate, dated the Closing Date and signed by such officials of the Authority as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Authority and the Underwriter; (iii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of the Authority's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(19) A certificate, dated the Closing Date and signed by such officials of the Successor Agency as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Successor Agency contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Successor Agency Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Successor Agency and the Underwriter; (iii) the Successor Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Successor Agency, whether or not arising in the ordinary course of the Successor Agency's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(20) The audited financial statements of the Successor Agency relating to the receipts, expenditures and cash balances of Pledged Tax Revenues by the Successor Agency as of June 30, 2014, certified by the Successor Agency on the Closing Date as being correct and complete.

(21) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Authority Legal Documents and Successor Agency Legal Documents to which the Trustee is a party.

(22) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Authority Legal Documents and Successor Agency Legal Documents (collectively, the "Legal Documents") to which the Trustee is a party and has duly authenticated and delivered the Bonds and the Local Obligations;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the Bonds as provided in the Indenture and the proceeds from the Local Obligations as provided in the Local Obligation Indenture.

(23) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Authority and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Bonds or the Local Obligations or the Legal Documents to which it is a party.

(24) A certified copy of the Keyser Marston Associates (the "Fiscal Consultant") Fiscal Consultant Report to the Authority dated [____], 2015 concerning Project No. 1 (the "Authority Fiscal Consultant Report"), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Authority Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Authority Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(25) A certified copy of the Keyser Marston Associates (the “Fiscal Consultant”) Fiscal Consultant Report to the Successor Agency dated [____], 2015 concerning Project No. 1 (the “Successor Agency Fiscal Consultant Report”), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Successor Agency Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Successor Agency Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(26) Executed copies of the Escrow Agreements pertaining to the Refunded Bonds.

(27) Executed copies of the Verification Report(s) of [_____] verifying the arithmetical calculations of the sufficiency of amounts to be deposited under the Escrow Agreements to pay the interest, principal and redemption price of the Refunded Bonds.

(28) An opinion of Bond Counsel, dated the closing date and addressed to the Successor Agency and the Trustee to the effect that upon making the deposits called for in the Escrow Agreements and in reliance on the Verification report the Refunded Bonds will no longer be outstanding under the indentures pursuant to which they were issued.

(29) A certified copy of the Authority’s Amended and Restated Joint Exercise of Powers Agreement dated July 20, 2005 and any amendments thereto (collectively, the “Joint Powers Agreement”).

(30) A copy certified by the Secretary of State of the Notice of Joint Powers Agreement, including any amendments.

(31) A copy of the Override Settlement Agreement between the City and the Successor Agency.

(32) Evidence of required filings with the California Debt and Investment Advisory Commission.

(33) A copy of the Blue Sky Survey with respect to the Bonds.

(34) A Tax Certificate of the Authority with respect to the 2015A Bonds, in form satisfactory to Bond Counsel, signed by such officials of the Authority as shall be satisfactory to the Underwriter.

(35) Evidence as of the Closing Date satisfactory to the Underwriter that the Bonds have received a rating of “[____]” from Standard & Poor’s Ratings Services (or such other equivalent rating as Standard & Poor’s Ratings Services shall issue), and that such rating has not been revoked or downgraded.

(36) Two transcripts of all proceedings relating to the authorization and issuance of the Bonds and the Local Obligations, which may be in digital form (or a commitment to so provide).

(37) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the Authority and the Successor Agency with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Authority and the Successor Agency herein contained and of the Official Statement and the due performance or satisfaction by the Authority and the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Successor Agency.

10. Termination.

(a) If the Authority or the Successor Agency shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Bond Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Authority and the Successor Agency in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Authority and the Successor Agency hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter at its sole discretion.

(b) The Underwriter shall also have the right, prior to the Closing Time, to cancel its obligations to purchase the Bonds, by written notice to the Authority, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriter, makes untrue or incorrect any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(ii) the market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the judgment of the Underwriter, by:

(A) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been passed by the legislature of any state having jurisdiction of the subject matter or legislation pending in any state having jurisdiction of the subject matter or a decision shall have been rendered by a court of the United States or of

the State of California, or a ruling shall have been made or a regulation or temporary regulation shall have been made or any other release or announcement shall have been made by State of California authority, with respect to State of California taxation upon revenues or other income of the general character to be derived by the Authority or upon interest received on obligations of the general character of the Bonds and the Local Obligations which, in the reasonable judgment of the Underwriter, is likely to have the purpose or effect, directly or, indirectly, of adversely affecting the tax status of the Authority, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been passed by either chamber of the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the Bonds or the Local Obligations are not exempt from registration under the 1933 Act, or that the Indentures are not exempt from qualification under the Trust Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national or international emergency or calamity or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Authority; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the Local Obligations, or the issuance, offering or sale of the Bonds or the Local Obligations, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Authority or the Successor Agency, except for changes which the Official Statement disclosures are expected to occur.

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Underwriter, materially and adversely affect the market or market price for the Bonds; or

(iv) an event described in paragraph [(p)] of Section 8 hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(v) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations, or in any way contesting or affecting any authority for or the levy or collection of the Pledged Tax Revenues, the issuance, sale or delivery of the Bonds or the Local Obligations, the Act, the Bond Resolution, the Successor Agency Bond Resolution, the Authority Legal Documents, the Successor Agency Legal Documents or the existence or powers of the Authority with respect to its obligations under the Authority Legal Documents or the Bonds or the existence or powers of the Successor Agency with respect to its obligations under the Successor Agency Legal Documents or the Local Obligations; or

(vi) there shall have occurred any suspension, withdrawal, downgrading or published negative credit watch or similar published information from a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Authority's senior lien debt obligations, including the Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the Bonds; or

(vii) the Local Obligations fail to be issued and sold to the Authority.

If the Underwriter terminates its obligation to purchase the Bonds because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Underwriter.

11. Conditions to Obligations of the Authority. The performance by the Authority of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority of opinions addressed to it and certificates being delivered at the Closing Time by persons and entities other than the Authority.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) neither the Authority nor the Successor Agency will adopt any

amendment of, or supplement to, the Official Statement to which the Underwriter shall object in writing or that shall be disapproved by the Underwriter's Counsel and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of Underwriter's Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Authority and the Successor Agency will forthwith prepare and furnish to the Underwriter an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriter's Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Series 2015A Bonds, not misleading.

13. Indemnification. The Authority and the Successor Agency (each an "Industry Entities Indemnifying Party") shall jointly and severally indemnify and hold harmless, to the extent permitted by law, the Underwriter and its respective directors, officers, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Industry Entities Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Industry Entities Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Industry Entities Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement (excluding any information under the caption "UNDERWRITING" or in APPENDIX C — "BOOK ENTRY SYSTEM") or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Authority and the Successor Agency may otherwise have to any Industry Entities Indemnified Party, provided that in no event shall the Authority and the Successor Agency be obligated for double indemnification.

The Underwriter (an "Underwriter Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Authority and the Successor Agency and their respective directors, officers, members, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Underwriter Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption "UNDERWRITING," or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading.

This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriter may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriter be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means an Industry Entities Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means an Industry Entities Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Industry Entities or the Underwriter, to the extent permitted by law, the Industry Entities and the Underwriter shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Industry Entities and the Underwriter may be subject) in such proportion so that the Underwriter is responsible for that portion represented by the percentage that the Underwriter’s discount set forth in the Official Statement bears to the public offering price appearing thereon and the Industry Entities are jointly and severally responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be

entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriter within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriter. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

14. Expenses.

(a) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall be under no obligation to pay and the Authority hereby agrees to pay any expenses incident to the performance of the Authority's and the Successor Agency's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; and (v) any out-of-pocket disbursements of the Authority and the Successor Agency.

(b) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall pay (i) any fees assessed upon the Underwriter with respect to the Bonds by the MSRB or FINRA; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds (excluding any expenses of the Authority and the Successor Agency and their respective employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission; and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Bonds, including the fees and disbursements of Underwriter's Counsel.

(c) As a convenience to the Authority, the Underwriter may, from time to time, make arrangements for certain items and advance certain costs for which the Authority is responsible hereunder, such as entertainment, meals, lodging and travel arrangements for Authority representatives, in connection with the transaction for which the Underwriter will be reimbursed from the Underwriter's discount.

(d) The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

15. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof)

may be given by delivering the same in writing, if to the Authority or the Successor Agency, addressed to:

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

or if to the Underwriter, addressed to:

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 37th Floor
San Francisco, California 94104
Attention: Ralph Holmes

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Authority and the Successor Agency in writing as heretofore specified shall constitute the entire agreement between the Authority and the Successor Agency and the Underwriter and is made solely for the benefit of the Authority and the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the Successor Agency in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery to and payment by the Underwriter for the Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. No Advisory or Fiduciary Role. The Authority and the Successor Agency acknowledge and agree that: (i) the primary role of the Underwriter, is to purchase securities for resale to investors, in an arm's-length commercial transaction between the Authority and the Successor Agency and the Underwriter and that the Underwriter has financial and other interests that differ from those of the Authority and the Successor Agency; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Authority or the Successor Agency and has not assumed any advisory or fiduciary responsibility to the Authority or the Successor Agency with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the Successor Agency on other matters); and (iii) the Authority and the Successor Agency have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the

extent they deem appropriate. If the Authority or the Successor Agency would like a municipal advisor in this transaction that has legal fiduciary duties to the Authority and the Successor Agency, then the Authority and the Successor Agency are free to engage a municipal advisor to serve in that capacity.

[Signature Page Follows]

19. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Managing Director

Accepted and Agreed to:

CITY OF INDUSTRY PUBLIC
FACILITIES

By: _____
Executive Director

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

By: _____
Executive Director

EXHIBIT A
MATURITY SCHEDULE
[TO COME]

EXHIBIT B
FORM OF LETTER FROM DISCLOSURE COUNSEL

[To Come]

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE—BOOK-ENTRY

**S&P: “___”
See “Rating” herein.**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the 2015A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. The Successor Agency has taken no action to cause, and does not intend, interest on the 2015B Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purpose. See “TAX MATTERS” herein.

\$ _____*
**City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015A
(Transportation-Distribution-Industrial
Redevelopment Project No. 2)
(Tax-Exempt)**

\$ _____*
**City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015B
(Transportation-Distribution-Industrial
Redevelopment Project No. 2)
(Taxable)**

Dated: Delivery Date

The \$ _____* City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) (the “2015A Bonds”) are being issued by the City of Industry Public Facilities Authority (the “Authority”) to (i) pay the costs of acquiring the 2015A Local Obligations from the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”) to provide proceeds to the Successor Agency to refund and defease certain outstanding Project Area No. 2 tax allocation bonds (as described herein), currently outstanding in the aggregate principal amount of \$ _____, (ii) fund a reserve for the 2015A Bonds and (iii) pay the costs of issuance of the 2015A Bonds. The \$ _____* City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) (the “2015B Bonds” and, together with the 2015A Bonds, the “Bonds”) are being issued by the Authority to (i) pay the costs of acquiring the 2015B Local Obligations from the Successor Agency to provide proceeds to the Successor Agency to refund and defease certain outstanding Project Area No. 2 tax allocation bonds (as described herein), currently outstanding in the aggregate principal amount of \$ _____, (ii) fund a reserve for the 2015B Bonds and (iii) pay the costs of issuance of the 2015B Bonds.

Due: November 1, as shown on the inside cover

The Bonds will be issued pursuant to an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and among the Authority, the City of Industry, California (the “City”) and U.S. Bank National Association, as trustee (the “Trustee”). Interest on the Bonds is payable on May 1 and November 1 of each year, commencing _____ 1, 20___. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. See “THE BONDS—Book-Entry System” herein.

The Bonds are subject to [optional, special mandatory and mandatory sinking fund] redemption prior to maturity as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Neither the faith and credit nor 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 pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”), the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed on for the Authority by Norton Rose Fulbright US LLP as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Nixon Peabody LLP, Los Angeles, California, Underwriter’s Counsel. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about _____, 2015.

* Preliminary, subject to change.
53216683.5

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

[INSERT STIFEL LOGO]

Dated: _____, 2015.

MATURITY SCHEDULES

\$ _____ *

City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015A
(Transportation-Distribution-Industrial Redevelopment Project No. 2)
(Tax-Exempt)

Maturity Date (November 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†] (Base _____)
-------------------------------	---------------------	------------------	-------	-------	------------------------------------

\$ _____ – ____% Term Bond due November 1, 20__ – Yield – ____%, Price ____% – CUSIP _____[†]

\$ _____

City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015B
(Transportation-Distribution-Industrial Redevelopment Project No. 2)
(Taxable)

Maturity Date (November 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†] (Base _____)
-------------------------------	---------------------	------------------	-------	-------	------------------------------------

\$ _____ – ____% Term Bond due November 1, 20__ – Yield – ____%, Price ____% – CUSIP _____[†]

* Preliminary; subject to change.

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of investors. None of the Authority, the Successor Agency, the Underwriter, the Financial Advisor or the Fiscal Consultant, are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

BOARD OF DIRECTORS

Tim Spohn, *Chairman*
Jeff Parriott, *Vice Chairman*
John P. Ferrero, *Director*
Roy Haber III, *Director*
Pat Marcellin, *Director*

AUTHORITY/CITY EXECUTIVE OFFICERS

Kevin Radecki, *Executive Director/City Manager*
Phyllis Tucker, *Treasurer*
Cecelia Dunlap, *Deputy Secretary/Deputy City Clerk*

SPECIAL SERVICES

Bond and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Successor Agency Counsel

Richards, Watson & Gershon
a Professional Corporation
Los Angeles, California

Authority Counsel

Burk, Williams & Sorensen, LLP
Los Angeles, California

Financial Advisor

NHA Advisors
San Rafael, California

Fiscal Consultant

Keyser Marston Associates, Inc.
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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The information set forth herein has been obtained from the Authority and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions.

No dealer, broker, salesperson or any other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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 Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the Successor Agency or in any other information contained herein, since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ABOVE, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (“EMMA”) website.

The City maintains a website. No information on such website is incorporated herein by reference.

FORWARD-LOOKING STATEMENTS

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,” “project,” “expect,” “anticipate,” “intend,” “believe,” “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 that 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. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

OFFICIAL STATEMENT

\$ _____*
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015A
(Transportation-Distribution-Industrial Redevelopment
Project No. 2)
(Tax-Exempt)

\$ _____*
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series
2015B
(Transportation-Distribution-Industrial
Redevelopment Project No. 2)
(Taxable)

INTRODUCTION

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale by the City of Industry Public Facilities Authority (the "Authority") of the Bonds (as defined below). This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained in the entire Official Statement. A full review should be made of the entire Official Statement, including the cover page and attached appendices. The offering of Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined herein can be found in APPENDIX A – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

General

The \$ _____* City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) (the "2015A Bonds") are being issued by the Authority to (i) pay the costs of acquiring the 2015A Local Obligations (defined below) from the Successor Agency (defined below) to provide proceeds to the Successor Agency to refund and defease all of the \$17,270,000 Industry Urban – Development Agency Transportation – Distribution – Industrial Redevelopment Project No. 2 2002 Tax Allocation Refunding Bonds (the "2002 Bonds"), currently outstanding in the aggregate principal amount of \$ _____; (ii) fund a reserve for the 2015A Bonds; and (iii) pay the costs of issuance of the 2015A Bonds.

The \$ _____* City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) (the "2015B Bonds" and, together with the 2015A Bonds, the "Bonds") are being issued by the Authority to (i) pay the costs of acquiring the 2015B Local Obligations (defined below) from the Successor Agency (defined below) to provide proceeds to the Successor Agency to refund and defease all of the \$39,730,000 Industry Urban – Development Agency Transportation – Distribution – Industrial Redevelopment Project No. 2 2003 Tax Allocation Bonds (Taxable), \$119,719,962 Industry Urban – Development Agency Transportation – Distribution – Industrial Redevelopment Project No. 2 2003 Subordinate Lien Tax Allocation Refunding Bonds, \$19,755,000 Industry Urban – Development Agency Transportation – Distribution – Industrial Redevelopment Project No. 2 2005 Subordinate Lien Tax Allocation Refunding Bonds, \$31,083,172.70 Industry Urban – Development Agency Transportation – Distribution – Industrial Redevelopment Project No. 2 2008 Subordinate Lien Tax Allocation Refunding Bonds, and \$40,000,000 Industry Urban – Development Agency Transportation – Distribution – Industrial Redevelopment Project No. 2 2010 Subordinate Lien Tax Allocation Refunding Bonds (collectively with the 2002 Bonds, the

* Preliminary, subject to change.
53216683.5

“Refunded Bonds”), currently outstanding in the aggregate principal amount of \$_____; (iii) fund a reserve for the 2015B Bonds; and (iv) pay the costs of issuance of the 2015B Bonds.

The Bonds will be secured by and issued under an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and among the Authority, the City of Industry, California (the “City”) and U.S. Bank National Association, as trustee (the “Trustee”). The “2015A Local Obligations” mean \$_____ aggregate principal amount of Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt). The “2015B Local Obligations” mean \$_____ aggregate principal amount of Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable). The 2015A Local Obligations and the 2015B Local Obligations are collectively referred to herein as the “Local Obligations.” The Local Obligations will be secured by and issued under an Indenture, dated as of June 1, 2015 (the “Local Obligations Indenture”), by and between the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”) and U.S. Bank National Association, as trustee thereunder. See “INTRODUCTION – Security for the Bonds” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Authority for Issuance of Bonds

The Bonds and the Indenture were authorized by the Authority pursuant to Resolution No. PFA 2014-04 adopted on December 11, 2014 (the “Authority Resolution”). The Bonds are being issued pursuant to the Indenture, the Constitution and laws of the State of California (the “State”), including the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

Authority for Issuance of Local Obligations

The Local Obligations and the Local Obligations Indenture were authorized by the Successor Agency pursuant to Resolution No. SA 2014-06 adopted on December 11, 2014 (the “Successor Agency Resolution”) and by the Oversight Board for the Successor Agency pursuant to Resolution No. OB 2014-29 adopted on December 11, 2014 (the “Oversight Board Resolution”). On January 22, 2015, the State Department of Finance provided a letter to the Successor Agency stating that based on the State Department of Finance’s review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the State Department of Finance. See “APPENDIX G – STATE DEPARTMENT OF FINANCE APPROVAL LETTER.”

The Local Obligations are being issued pursuant to the Local Obligations Indenture, Constitution and laws of the State, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Bond Law”), the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “Redevelopment Law”), and the Dissolution Act (as defined herein).

The Authority

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City of Industry, California (the “City”) and the Industrial Development Agency of the City of Industry, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized

pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing and refinancing the acquisition and construction of public capital improvements on behalf of its members.

The City

The City is located in the San Gabriel Valley area of the County of Los Angeles, California (the “County”), approximately twenty miles from downtown Los Angeles. The City covers approximately 12.5 square miles and has an estimated population of approximately 400 people. Since its incorporation in 1957, the City has developed primarily for the purpose of manufacturing, distribution and related industrial and commercial activities. The City is zoned 92% industrial and 8% commercial. The City is a charter city. See “APPENDIX G – SUPPLEMENTAL INFORMATION – City of Industry.”

The Successor Agency

The Predecessor Agency was established in 1971. In 1971, through the Industry Urban-Development Agency (the “Predecessor Agency”), the City undertook the improvement of the City by forming the first redevelopment project area. There are four project areas established in the City: the Civic-Recreational-Industrial Redevelopment Project No. 1 (“Project Area No. 1”), the Transportation–Distribution–Industrial Redevelopment Project No. 2, the Transportation-Distribution-Industrial Redevelopment Project No. 3 (“Project Area No. 3”) and the Civic-Recreational-Industrial Redevelopment Project No. 4 (“Project Area No. 4”). Project Area No. 1, Project Area No. 2, Project Area No. 3 and Project Area No. 4 are collectively known herein as the “Project Areas.” The Predecessor Agency issued tax allocation bonds in each of the Project Areas, except Project Area No. 4.

On September 22, 2011, pursuant to Resolution No. CC 2011-20 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Predecessor Agency. Subdivision (g) of Section 34173 of the Dissolution Act (defined below), added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City. See “SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY.”

The Dissolution Act

On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the “Dissolution Act”).

The Plan of Refunding

The Authority is assisting the Successor Agency in refunding all of the Successor Agency's outstanding Project Area No. 1, Project Area No. 2 and Project Area No. 3 tax allocation bonds. Refunding bonds for Project Area No. 1 and Project Area No. 3 will be issued concurrently by the Authority with the issuance and delivery of the Bonds. The Bonds will be secured, in part, by surplus tax revenues and other available amounts, if any, from Project Area No. 1 and Project Area No. 3. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The plan of refunding for the Refunded Bonds in particular is described under the caption "PLAN OF REFUNDING." See also, "ESTIMATED SOURCES AND USES OF FUNDS."

Security for the Bonds

The Bonds are secured by and payable from three sources, in the following order of priority. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." First, the Bonds are secured by and payable from all amounts derived from the Local Obligations. The Local Obligations are secured by and payable from Pledged Tax Revenue from Project Area No. 2, as further described herein (see, in particular, "THE PROJECT AREA" and "APPENDIX H-2 – FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT"). Second, the Bonds are secured by and payable from investment income with respect to the funds and accounts established under the Indenture (other than the Rebate Fund). Third, the Bonds are secured by and payable from amounts transferred to the Authority pursuant to a settlement and compromise with the City with respect to certain override revenues, as further described herein (see, in particular, "OVERRIDE REVENUES" and "APPENDIX H-1 – FISCAL CONSULTANT'S AUTHORITY REPORT").

Limited Obligations

Neither the faith and credit nor the taxing power of the City, the County of Los Angeles (the "County"), the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

Reserve Funds

To secure the payment of the principal of and interest on the 2015A Bonds, the 2015A Reserve Fund will be established in the Indenture, in an amount equal to the initial 2015B Reserve Requirement. "Reserve Requirement" means, as of each date of calculation, (i) with respect to the 2015A Bonds, an amount equal to the least of (i) Maximum Annual Debt Service on all Outstanding 2015A Bonds, (ii) 10% of the initial offering price to the public of such 2015A Bonds as determined under the Code, or (iii) 125% of the average Annual Debt Service as of the date of issuance of the 2015A Bonds.

To secure the payment of the principal of and interest on the 2015B Bonds, the 2015B Reserve Fund will be established in the Indenture, in an amount equal to the initial 2015B Reserve Requirement.

“2015B Reserve Requirement” means _____. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Funds.”

Judicial Validation Proceedings

On December 23, 2014, pursuant to authorization contained in Section 34177.5(d) of the Dissolution Act and State law, the Successor Agency, the Authority and the City filed their Complaint (Case No. 34-2014-00173219) initiating proceedings to confirm the validity of the Bonds, the Local Obligations, the Indenture and the Local Obligation Indenture and other matters relating thereto and the proceedings for the issuance of the Bonds and the Local Obligations. On _____, 2015, the Superior Court, County of Sacramento, entered a default judgment (the “Validation Judgment”), that became final on _____, 2015. The appeal period for the Validation Judgment concluded on _____, 2015. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Judicial Validation Proceedings.”

Further Information

Descriptions of the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Local Obligations, the Local Obligations Indenture, Override Settlement Revenues, the Authority, the Successor Agency, the Predecessor Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references thereto are qualified in their entirety by reference to such documents and laws. All documents are available from the City Clerk’s office, City of Industry, 15625 East Stafford Street, Suite 100, City of Industry, California 91774.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds, together with other available funds, will be deposited into separate escrow funds (collectively, the “Escrow Funds”) held under separate escrow agreements (collectively, the “Escrow Agreements”), each by and between the Successor Agency and an escrow agent named therein (each, an “Escrow Agent”), and applied on the respective Redemption Dates for the purpose of redeeming and defeasing all of the outstanding Refunded Bonds. The Successor Agency will cause each Escrow Fund deposit to be invested in defeasance securities (as defined in the respective indentures of trust for the Refunded Bonds) (the “Defeasance Securities”) and/or uninvested in cash. The Defeasance Securities will be scheduled to mature in such amounts and at such times and will pay principal and interest at such rates as to provide amounts sufficient to pay, together with other available funds, the principal of and interest on the Refunded Bonds on the applicable Redemption Date at a redemption price equal to the principal amount thereof, without premium. The amounts deposited in the Escrow Funds will be held in trust solely for the Refunded Bonds and will not be available to pay the principal of or interest on the Bonds or any obligations other than the Refunded Bonds.

Grant Thornton LLP (the “Verification Agent”), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it, relating to the sufficiency of moneys deposited into each Escrow Fund to pay the principal, interest and redemption premium of the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL ACCURACY.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized as follows.

	<u>2015A Bonds</u>	<u>2015B Bonds</u>	<u>Total</u>
Sources:			
Principal Amount of Bonds	\$	\$	\$
Net [Premium/Discount]			
Available Funds from Refunded Bonds			
Total Sources	\$	\$	\$
Uses:			
Escrow Fund	\$	\$	\$
Reserve Fund ⁽¹⁾			
Costs of Issuance Fund ⁽²⁾			
Total Uses	\$	\$	\$

⁽¹⁾ An amount equal to the applicable Reserve Requirement.

⁽²⁾ Costs of Issuance include Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Verification Agent, Trustee, printing expenses, rating fee and other costs related to the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Bonds.

Bond Year	<u>2015A Bonds</u>			<u>2015B Bonds</u>			Total Annual Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
Total							

THE BONDS

General

The Bonds will be issued and delivered as one fully-registered Bond in the denomination of \$5,000 or any integral multiple thereof (an “Authorized Denomination”) for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, as registered owner of all Bonds. See “THE BONDS – Book-Entry System.”

The Bonds will be dated the date of their delivery (the “Delivery Date”) and mature on November 1 in the years and in the amounts shown on the inside cover page of this Official Statement. Interest on the Bonds will be calculated at the rates shown on the inside cover page of this Official Statement, payable on May 1 and November 1 in each year, commencing on _____ 1, 20__ (each an “Interest Payment Date”), by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months. “Record Date” the fifteenth (15th) day of the month (whether or not such day is a Business Day) preceding each Interest Payment Date.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX C – BOOK-ENTRY SYSTEM.”

Redemption*

Optional Redemption of 2015A Bonds. The 2015A Bonds maturing on or before November 1, 20__ are not subject to redemption prior to maturity. The 2015A Bonds maturing after November 1, 20__ are subject to redemption prior to maturity in whole, or in part in the manner determined by the Authority on any date on or after November 1, 20__, from any available source of funds, at 100% of the principal amount of the 2015A Bonds to be redeemed, together with accrued interest thereon to the redemption date.

Optional Redemption of 2015B Bonds. The 2015B Bonds maturing on or before November 1, 20__ are not subject to redemption prior to maturity. The 2015B Bonds maturing after November 1, 20__ are subject to redemption prior to maturity in whole, or in part in the manner determined by the Authority on any date on or after November 1, 20__, from any available source of funds, at 100% of the principal amount of the 2015B Bonds to be redeemed, together with accrued interest thereon to the redemption date.

* Preliminary; subject to change.
53216683.5

Sinking Account Redemption of 2015A Bonds. The 2015A Bonds maturing on November 1, 20__ are subject to redemption in part by lot on November 1, 20__ and in each year shown below until maturity, from sinking account payments made by the Authority, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2015A Bonds have been redeemed the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of 2015A Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Authority (notice of which determination will be given by the Authority to the Trustee)::

2015A Bonds Sinking Account Redemption Date	Principal Amount to be Redeemed
--	------------------------------------

(maturity)

Sinking Account Redemption of 2015B Bonds. The 2015B Bonds maturing on November 1, 20__ are subject to redemption in part by lot on November 1, 20__ and in each year shown below until maturity, from sinking account payments made by the Authority, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2015B Bonds have been redeemed the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of 2015B Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Authority (notice of which determination will be given by the Authority to the Trustee):

2015B Bonds Sinking Account Redemption Date	Principal Amount to be Redeemed
--	------------------------------------

(maturity)

Special Mandatory Redemption. The Bonds shall be subject to special mandatory redemption prior to their respective maturity dates as a whole or in part on November 1 of any year that Local Obligations are redeemed pursuant to an extraordinary mandatory redemption under the Local Obligations Indenture. The redemption price payable on Bonds called pursuant to this paragraph shall equal one hundred percent (100%) of the principal amount of such Bonds, plus unpaid accrued interest to the date fixed for redemption, without premium.

Selection of Bonds of a Maturity for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected.

Partial Redemption of Bonds. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected.

Notice of Redemption. The Authority shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a) at least 30 days prior to the date fixed for such redemption. The Trustee on behalf of and at the expense of the Authority will mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Authority filed with the Trustee at the time the Authority notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Any notice given pursuant to this paragraph may be rescinded by written notice given to the Trustee by the Authority and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to this Section, but in no event later than the date set for redemption.

No Additional Bonds Other than Refunding Bonds

Other than for the purpose of refunding the Bonds, no additional Bonds or bonds secured by the same Revenues as the Bonds shall be issued under the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Background

Prior to the enactment of Dissolution Act, the Redevelopment 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 receiving property taxes thereafter received only 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 of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations, including the Refunded Bonds.

The Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Predecessor Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions."

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan (as defined herein), taxes levied upon taxable property in Project Area No. 2 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 the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 2, 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 Project Area No. 2 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 Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 2, 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

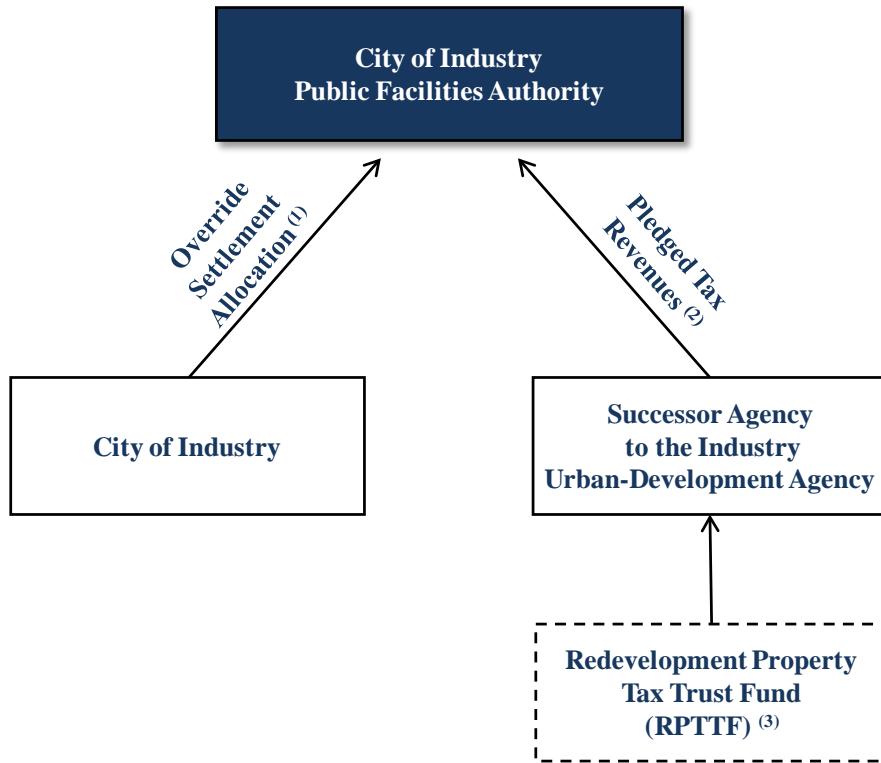
(b) To the Predecessor Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal 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 shall be allocated to, and when collected shall 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 Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Predecessor Agency or the Successor Agency to finance or refinance the redevelopment projects of the Predecessor Agency.

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 Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

Summary of Receipt of Revenues and Flow of Funds

The following graphics sets forth a summary of the receipt of revenues and the flow of funds under the Dissolution Act, the Local Obligations Indenture and the Indenture for the security for and the payment of the Local Obligations and the Bonds, respectfully, and is intended for general reference only. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds. Descriptions herein of the Bonds, the Local Obligations, the Indenture and the Local Obligations Indenture do not purport to be comprehensive or definitive. All descriptions in this Official Statement to such documents are qualified in their entirety by reference to such documents.

Receipt of Revenues



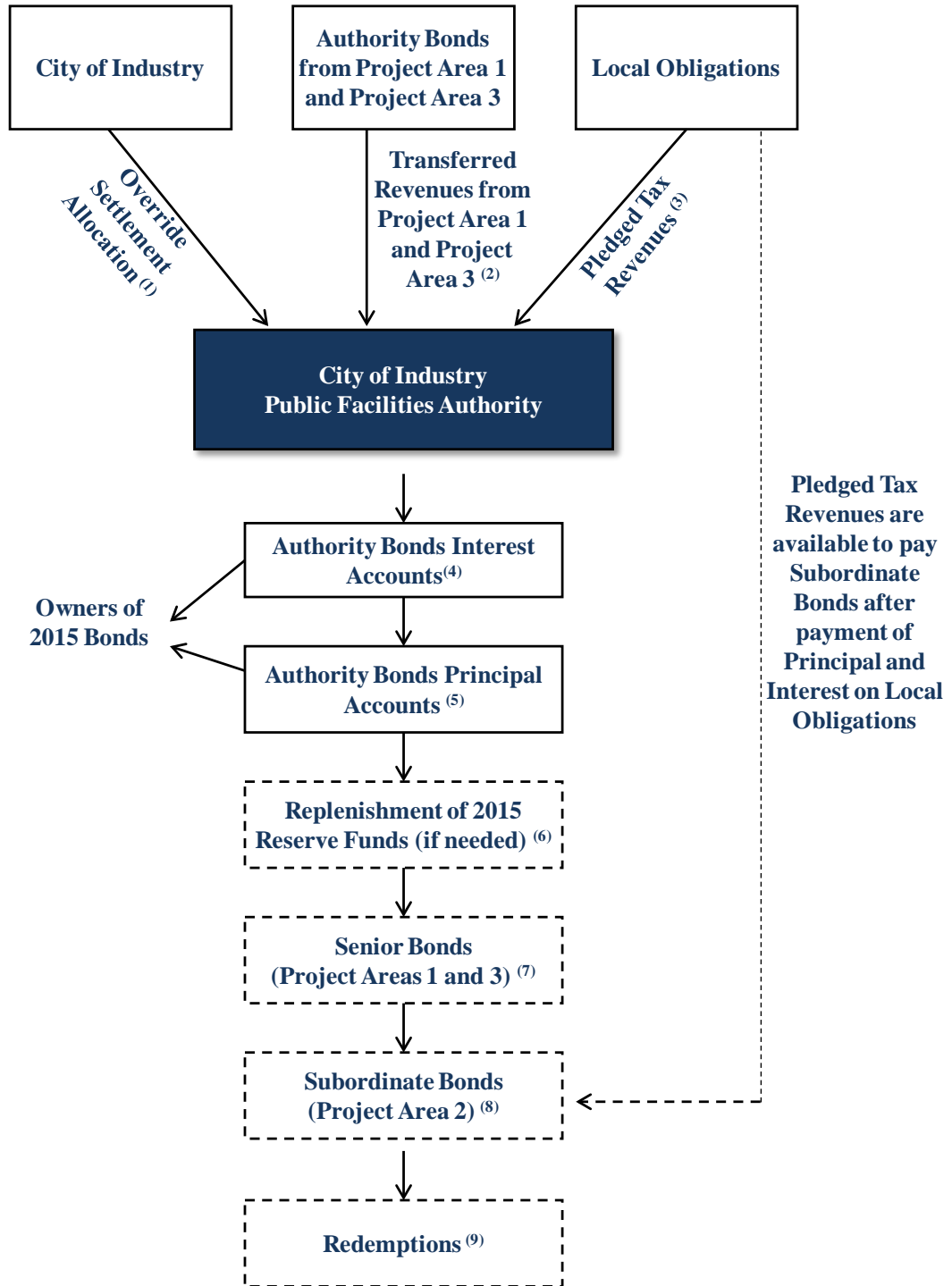
Note: Revenues shown above do not include Transferred Revenue from Project Area No. 1, if any, or Project Area No. 3, if any.

⁽¹⁾ See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds," "OVERRIDE REVENUES" and APPENDIX H-1 – "FISCAL CONSULTANT'S AUTHORITY REPORT."

⁽²⁾ See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Local Obligations," "ESTIMATED DEBT SERVICE COVERAGE" and APPENDIX H-1 – "FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT."

⁽³⁾ See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Dissolution Act."

Payment of Revenues



(1) See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds,” “OVERRIDE REVENUES” and APPENDIX H-1 – “FISCAL CONSULTANT’S AUTHORITY REPORT.”

(2) See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds,” “OVERRIDE REVENUES,” “ESTIMATED DEBT SERVICE COVERAGE” and APPENDIX H-1 – “FISCAL CONSULTANT’S AUTHORITY REPORT.”

(footnotes continued on next page)

(footnotes continued from prior page)

⁽³⁾ See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Local Obligations,” “ESTIMATED DEBT SERVICE COVERAGE” and APPENDIX H-1 – “FISCAL CONSULTANT’S SUCCESSOR AGENCY REPORT.”

⁽⁴⁾ See First under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁵⁾ See Second under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁶⁾ See Third under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁷⁾ See Fourth(i) under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁸⁾ See Fourth(ii) under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

⁽⁹⁾ [discuss]

Security for the Bonds

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and any other amounts held in the Revenue Fund and in the Reserve Fund established pursuant to the Indenture are pledged by the Authority to secure the full and timely payment of the principal of and interest and premium, if any, of the Bonds in accordance with their terms and the provisions of the Indenture. Notwithstanding anything to the contrary contained in the Indenture, all Bonds issued under the Indenture will be payable first from all amounts derived from the Local Obligations, second from investment income with respect to the funds and accounts established hereunder (other than the Rebate Fund), and third from all other amounts transferred to the Authority pursuant to the Indenture.

“Revenues” means (a) all amounts derived from the Local Obligations (which are substantially Pledged Tax Revenues; see, in particular, “– Security for the Local Obligations” below, “PROJECT AREA NO. 2” and “APPENDIX H-2 – FISCAL CONSULTANT’S SUCCESSOR AGENCY REPORT”), (b) investment income with respect to the funds and accounts established under the Indenture (other than the Rebate Fund), and (c) all other amounts transferred to the Authority pursuant to the Indenture (see, in particular, “OVERRIDE REVENUES” and “APPENDIX H-1 – FISCAL CONSULTANT’S AUTHORITY REPORT”).

Security for the Local Obligations

General. The Dissolution Act requires the Los Angeles County Auditor Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Predecessor Agency had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the “Redevelopment Property Tax Trust Fund”).

The Dissolution Act authorizes the issuance of refunding bonds, including the Local Obligations, to be secured by a pledge of, and lien on, Pledged Tax Revenues (as defined herein) deposited from time to time in the Redevelopment Property Tax Trust Fund and then subject to the lien of the Local Obligations Indenture. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same lien priority and legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedule.

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Local Obligations, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law.

Taxes levied on the property within Project Area No. 2 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 Project Area No. 2, to the extent they constitute Pledged Tax Revenues, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule"). Monies deposited by the County Auditor-Controller into the Successor Agency's Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the Trustee for deposit in the Revenue Fund established under the Local Obligations Indenture and administered by the Trustee in accordance therewith.

Security for Local Obligations and Pledged Tax Revenues. The Local Obligations will be payable from and equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund, by the County, the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Revenue Fund established under the Local Obligations Indenture (including the Accounts and all subaccounts in the foregoing) to the Trustee for the benefit of the Owners of the Outstanding Local Obligations. "Pledged Tax Revenues" means (a) all taxes annually allocated to the Successor Agency with respect to Project Area No. 2 following the date of issuance and delivery of the Bonds (the "Delivery Date") pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code and section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, and including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemption and tax limitations; but excluding all other amounts of such taxes (if any) (i) which are required by law on the Delivery Date to be deposited by the Successor Agency in a housing fund, if any, (ii) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) any amounts payable by the Successor Agency pursuant to sections 33607.5 or 33607.7 of the Health and Safety Code, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds and any parity debt authorized under the Prior 2002 Indenture or Prior 2003 Indenture; and (iv) amounts of such taxes (if any) which are required to be paid to any other public agency under Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code or under agreement between the Successor Agency and such public agency and (b) all taxes distributed by the County of Los Angeles Auditor-Controller from the Redevelopment Property Tax Trust Fund that are received by the Successor Agency, if any, resulting from the levy of an *ad valorem* tax by the City pursuant to voter authorization at a special municipal election on June 20, 1978 that were pledged to the Refunded Bonds.

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 Pledged Tax Revenues hereunder shall include all tax revenues allocated to the payment of indebtedness pursuant to 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. "Redevelopment Plan" means the Redevelopment Plan for the Transportation-Distribution-Industrial

Project No. 2, approved by Ordinance No. 346, enacted by the City Council of the City on June 13, 1974, together with any amendments thereof.

[“Prior 2002 Indenture” means the Indenture of Trust, dated as of August 1, 2002, by and between the Predecessor Agency and U.S. Bank National Association, relating to the 2002 Bonds. “Prior 2002 Bonds” means the Predecessor Agency’s \$17,270,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2002 Tax Allocation Refunding Bonds. “Prior 2003 Indenture” means the Indenture of Trust, dated as of December 1, 2003, by and between the Predecessor Agency and U.S. Bank National Association, relating to the 2003 Bonds. “Prior 2003 Bonds” means the Predecessor Agency’s \$39,730,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Tax Allocation Bonds (Taxable).]

In accordance with the Validation Judgment, and pursuant to the pledge of Pledged Tax Revenues made in the Local Obligation Indenture, as authorized by Section 34177.5(a)(1) of the Health and Safety Code, the principal of and interest or redemption premium (if any) on the Bonds shall be payable from, and secured by a first charge and lien on Pledged Tax Revenues without any deduction or offset pursuant to Section 34179.6(h)(2) of the Health and Safety Code or any other provision of law.

Limited Obligations

Neither the faith and credit nor the taxing power of the City, the County, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

Judicial Validation Proceedings

The Dissolution Act provides several remedies to the State Department of Finance, the Auditor-Controller and to taxing entities with respect to the recovery of assets of the Predecessor Agency and amounts due to the taxing entities. One such remedy is contained in Section 34179.6(h)(2) of the Dissolution Act, which reads as follows:

“Alternatively or in addition to the remedies provided in paragraph (1), the department may direct the county auditor-controller to deduct the unpaid amount from future allocations of property tax to the successor agency under Section 34183 until the amount of payment required pursuant to subdivision (d) is accomplished.”

The reference above in Section 34179(h)(2) to Section 34183 refers to moneys in the Redevelopment Property Tax Trust Fund that constitute Pledged Tax Revenues and Subordinate Pledged Tax Revenues, as applicable. Notwithstanding the above, Section 34177.5(g) of the Dissolution Act creates a statutory pledge of, and lien on, certain moneys in the Redevelopment Property Tax Trust Fund, namely, the moneys referred to in Section 34183(a)(2), to secure payment of debt service on the Bonds. The Court, in rendering its Validation Judgment confirming the validity of the Bonds, has determined that

the statutory pledge and lien on Pledged Tax Revenues pursuant to Section 34177.5(g) is superior to any other claim on the moneys referred to in Section 34183(a)(2), including any claim under Section 34179.6(h)(2) or under any other law which may be applicable.

On December 23, 2014, pursuant to authorization contained in Section 34177.5(d) of the Dissolution Act and State law, the Successor Agency, the Authority and the City filed their Complaint (Case No. 34-2014-00173219) initiating proceedings to confirm the validity of the Bonds, the Local Obligations, the Indenture, the Local Obligation Indenture and other matters relating thereto and the proceedings for the issuance of the Bonds and the Local Obligations. On _____, 2015, the Superior Court, County of Sacramento, entered the Validation Judgment, that became final on _____, 2015. The appeal period for the Validation Judgment concluded on _____, 2015.

[summary of rulings in validation judgment to come]

Recognized Obligation Payment Schedules

No fewer than 90 days prior to each to each January 2 and June 1, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") 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 Predecessor 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 Recognized Obligation Payment Schedule 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.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Predecessor Agency, as approved by the Oversight Board).

The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Accordingly, although all of the debt service payments on the Bonds have been approved by the State Department of Finance, such debt service payments must appear on a the applicable Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2

or June 1 property tax distribution. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the applicable deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency did not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for the subsequent six-month period. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedules."

The Dissolution Act requires the State Department of Finance 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 Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency 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 Recognized Obligation Payment Schedule 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 the Successor Agency, the Oversight Board, and the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

The Successor Agency covenants in the Indentures that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indentures to replenish the Reserve Fund, in Recognized Obligation Payment Schedules.

Flow of Funds Under the Indenture

There are established under the Indenture special trust funds known as the "Revenue Fund," the "2015A Reserve Fund" and the "2015B Reserve Fund," which such Funds shall be held by the Trustee in trust for Owners. There are created in the Indenture separate Accounts within the Revenue Fund as set forth below, to be known respectively as the 2015A Interest Account, the 2015A Principal Account, the 2015A Sinking Account and the 2015A Redemption Account, the 2015B Interest Account, the 2015B Principal Account, the 2015B Sinking Account and the 2015B Redemption Account. Upon receiving Revenues, the Trustee shall deposit all amounts received into the Revenue Fund until such time during each Bond Year as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year for deposit into the respective Accounts of the Revenue Fund for each Series of Bonds. The foregoing deposits shall be applied in the following order of priority:

First *Interest Accounts.* On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A 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 the Outstanding 2015A Bonds on such Interest Payment Date and in the 2015B 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 the Outstanding 2015B Bonds on such Interest Payment Date. No deposit need be made into any Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Bonds of the applicable Series on

the Interest Payment Dates in such Bond Year. Subject to the Indenture, all moneys in an Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds of the applicable Series as it becomes due and payable (including accrued interest on any such Bonds redeemed prior to maturity pursuant to the Indenture).

Second Principal Accounts. On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015A Bonds on such Principal Payment Date and in the 2015B Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015B Bonds on such Principal Payment Date. No deposit need be made into any Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Bonds of the applicable Series on the upcoming Principal Payment Date. Subject to the Indenture, all moneys in a Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal and sinking account payments on the Outstanding Bonds of the applicable Series as they become due and payable.

On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the applicable Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. The Trustee shall use moneys in the applicable Sinking Account to redeem Bonds of the applicable Series pursuant to Section 4.1.

The Trustee shall provide records of all payments of principal of and interest on and Sinking Account payments with respect to the Bonds of each Series to the trustee for the Local Obligations within five (5) Business Days of each such principal, interest or Sinking Account payment.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal payments and Sinking Account payments in the proportion that all such principal payments and sinking account payments bear to each other.

Third Reserve Funds. Subject to the Indenture, all money in a Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the applicable Interest Account, the applicable Principal Account and the applicable Sinking Account (and subaccounts therein, as the case may be), in such order of priority, in the event of any deficiency at any time in any of such Accounts or (ii) for the retirement of all the Bonds of the applicable Series then Outstanding. The Trustee shall keep accurate records of all such draws. [describe replenishment]

The applicable Reserve Requirement may be satisfied by crediting to the applicable Reserve Fund moneys or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in such Reserve Fund in an amount equal to the applicable Reserve Requirement. Upon deposit of such Qualified Reserve Fund Credit Instrument, the Trustee shall transfer any excess amounts then on deposit in the applicable Reserve Fund in excess of the applicable Reserve Requirement into the applicable Interest Account.

In any case where a Reserve Fund is funded with a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances before drawing on the Qualified Reserve Fund Credit Instrument. With regard to replenishment, any available moneys provided by the Authority shall be used first to reinstate the Qualified Reserve Fund Credit Instrument and second, to replenish the cash in such Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn upon,

the Authority shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this subsection Third.

All amounts in a Reserve Fund five (5) Business Days before the final Interest Payment Date shall be withdrawn therefrom by the Trustee and transferred to the applicable Interest Account and then the applicable Principal Account and the applicable Sinking Account, to the extent required to make the deposits then required to be made under the Indenture

If there shall be surplus Revenues in the Revenue Fund after making the deposits required under First, Second and Third above, then such surplus Revenues shall be deposited into the Transfer Account.

Fourth *Transfer Account*. On November 2 (the “Transfer Date”) of each year, commencing November 2, 2015, the Trustee shall transfer any Revenues and other amounts in the Transfer Account for the following purposes in the following order of priority:

- (i) the trustee for any Senior Bonds to be applied solely for the payment of any deficiency in required debt service funding for such Senior Bonds pursuant to the applicable Authority indenture, all as specified in a Written Request of the Authority received by the Trustee within ten (10) Business Days of each Transfer Date; and then
- (ii) [to the trustee for the Subordinate Bonds].

“Senior Bonds” means City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable), City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt), and City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable).

If no Written Request of the Authority is received by the Trustee within the time period specified in Fourth(i) above, then the Trustee shall proceed with the transfer to the trustee for the Subordinate Bonds, as provided in Fourth(ii) above. Notwithstanding the foregoing, if Subordinate Bonds are no longer outstanding then amounts in the Transfer Account shall be deposited into the Redemption Account pursuant to Fifth below.

Fifth *Redemption Account*. The Trustee shall, at the Written Request of the Authority, apply funds in a Redemption Account to redeem Bonds of a Series pursuant to the Indenture. Upon any such redemption, the Trustee shall notify the Local Obligations Trustee to cancel and discharge Local Obligations of like maturity in accordance with the Local Obligations Indenture.

Flow of Funds Under the Local Obligations Indenture

Revenue Fund. There are established under the Local Obligations Indenture a special trust fund known as the “Revenue Fund,” which Fund shall be held by the Trustee in trust for applicable Owners of the Local Obligations. The Trustee shall send the Successor Agency on each November 1 and April 1 a Written Request specifying the amount of Pledged Tax Revenues required to be deposited in the Revenue Fund. The Successor Agency shall remit the amount requested pursuant to such Written Request to the Trustee within two (2) Business Days of receipt of distributions of Pledged Tax Revenues on January 2 and June 1 of each year.

There is created under the Local Obligations Indenture separate Accounts within the Revenue Fund as set forth below, to be known respectively as the 2015A Interest Account, the 2015A Principal

Account, the 2015A Sinking Account, the 2015A Redemption Account, the 2015B Interest Account, the 2015B Principal Account, the 2015B Sinking Account, and the 2015B Redemption Account. Upon receiving Pledged Tax Revenues from the Successor Agency, the Trustee shall deposit all amounts received into the Revenue Fund, until such time during each Bond Year as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year for deposit into the applicable Interest Account, the applicable Principal Account and the applicable Redemption Account of the Revenue Fund. Such deposits shall be in the following order of priority:

First Interest Accounts. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A 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 the Outstanding 2015A Local Obligations on such Interest Payment Date and in the 2015B 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 the Outstanding 2015B Local Obligations on such Interest Payment Date. No deposit need be made into any Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Local Obligations of the applicable Series on the Interest Payment Dates in such Bond Year. Subject to the Local Obligations Indenture, all moneys in an Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Local Obligations of the applicable Series as it becomes due and payable (including accrued interest on any Local Obligations redeemed prior to maturity pursuant to the Local Obligations Indenture).

Second Principal Account. On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015A Local Obligations on such Principal Payment Date and in the 2015B Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015B Local Obligations on such Principal Payment Date. No deposit need be made into any Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Local Obligations on the upcoming Principal Payment Date. Subject to the Local Obligations Indenture, all moneys in a Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal and sinking account payments on the Outstanding Local Obligations of the applicable Series as they become due and payable.

On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the applicable Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. The Trustee shall use moneys in the applicable Sinking Account to redeem Local Obligations of the applicable Series.

If Pledged Tax Revenues are not sufficient to pay in full the principal of and interest on and any Sinking Account payments with respect to any Local Obligations as such amounts become due, the Trustee shall credit the difference between the amount of available Pledged Tax Revenues and the amount required for payment of the principal of and interest on and any Sinking Account payments with respect to such Local Obligations; provided, that the principal of and interest on and any Sinking Account payments with respect to Authority Bonds supported by the applicable Local Obligations shall have been paid for the same period.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal payments and

Sinking Account payments in the proportion that all such principal payments and sinking account payments bear to each other.

Third Transfer. [After Pledged Tax Revenues have been applied as set forth in First and Second above, and as otherwise required by the Local Obligations Indenture, such revenues shall be released from the pledge and lien of the Local Obligations Indenture and be sent to the trustee for the Subordinate Local Obligations or, if no Subordinate Local Obligations remain outstanding, the trustee for the Second Subordinate Local Obligations.]

Local Obligation Redemption Account. On or before the 5th Business Day preceding any date on which Local Obligations are to be redeemed, the Successor Agency will deliver or cause to be delivered funds to the Trustee for deposit in the Redemption Account an amount required to pay the principal of, interest and premium, if any, on the Local Obligations (other than Local Obligations redeemed from sinking account payments) to be redeemed on such date. Subject to the Local Obligations Indenture, all moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest or redemption premium (if any) on the Local Obligations to be redeemed on the date set for such redemption.

Annual Review of Tax Revenues Under Local Obligations Indenture; Special Redemption Fund

On or before _____ of each year commencing _____, 2016, the Successor Agency shall submit a written report of an Independent Redevelopment Consultant (the "Report") to the Trustee. The Report shall show the total amount of Pledged Tax Revenues remaining available to be credited to the Redevelopment Obligation Retirement Fund by the Successor Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service with respect to the Local Obligations. The Successor Agency will not accept Pledged Tax Revenues for credit to the Redevelopment Obligation Retirement Fund in any Fiscal Year greater than the sum of the Annual Debt Service for the Outstanding Local Obligations, if such acceptance would cause the amount remaining under the tax increment limit to fall below the remaining cumulative Annual Debt Service with respect to the Outstanding Local Obligations, except for the purpose of using Excess Tax Revenues for the redemption of Outstanding Local Obligations. If the Report shows the cumulative amount of Annual Debt Service remaining to be paid on the Outstanding Local Obligations to their scheduled maturity equals or exceeds _____ percent (___%) of remaining Pledged Tax Revenues that the Successor Agency is permitted to receive under the Redevelopment Plan to be credited to the Redevelopment Obligation Retirement Fund, the Successor Agency shall cause the deposit of all Excess Tax Revenues in the Special Redemption Fund each Fiscal Year until all of the Outstanding Local Obligations have been paid or defeased. Moneys deposited in the Special Redemption Fund shall only be used to redeem Local Obligations pursuant to the Local Obligations Indenture, as described in the following paragraph. Based on the projections set forth in the Fiscal Consultant's Report for the Successor Agency, the Local Obligations will be subject to special redemption from amounts in the Special Redemption Fund commencing on _____, 20___. See "APPENDIX H-2 – FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT."

Upon receipt of any Excess Tax Revenues pursuant to the preceding paragraph, the Trustee will immediately deposit such money in the Special Redemption Fund. No later than _____ 15 of each year, the Trustee shall provide a written notification to the Successor Agency of the balance of the Special Redemption Fund. The Successor Agency, no later than the following _____ 25, shall (i) determine the amount (and if applicable, designating the maturities) of Local Obligations to be called on the following _____ 1, and (ii) notify the Trustee of such determination in writing. Such determination by the Successor Agency shall be based on a pro rata application of moneys in the Special Redemption Fund toward the redemption of Local Obligations, based on the then Outstanding principal amount of Local Obligations; provided, that such pro rata application shall be in, as nearly as practicable, multiples of

\$5,000, and shall result in the principal amount of Local Obligations remaining Outstanding after such extraordinary redemption being in an Authorized Denomination. Upon receipt of such determination by the Successor Agency, the Trustee shall prepare and send notices of redemption to the applicable Owners in accordance with the Local Obligations Indenture. If the Successor Agency determines that there is not sufficient money in the Special Redemption Fund to redeem Local Obligations pursuant the Local Obligations Indenture in any year, then the Successor Agency shall provide a written notice to the Trustee to that effect no later than _____25 of such year.

At least five (5) Business Days before each Extraordinary Redemption Date, the Trustee shall notify the Successor Agency in writing of the accrued interest (the “Accrued Interest”) that will become due on such Extraordinary Redemption Date with respect to the Local Obligations being called pursuant to the Local Obligations Indenture. The Trustee shall, no later than the Business Day before such Extraordinary Redemption Date, transfer the amount of such Accrued Interest from the Revenue Fund to the Special Redemption Fund. The Trustee shall use the moneys in the Special Redemption Fund to pay the applicable Redemption Price on the Extraordinary Redemption Date. **Redemption of Local Obligations on the Extraordinary Redemption Date will result in a like amount of Bonds being redeemed on such date.**

Any money remaining in the Special Redemption Fund on the final maturity date of the Local Obligations or the defeasance date of all of the Outstanding Local Obligations shall be transferred to the Revenue Fund (for application toward the final payment on the Local Obligations or transfer to the defeasance escrow). Pending such transfer to the Revenue Fund, any interest earnings of moneys in the Special Redemption Fund shall be retained in the Special Redemption Fund.

Certain Covenants of the Successor Agency in the Local Obligations Indenture

As long as the Local Obligations are Outstanding, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Local Obligations Indenture or in any Local Obligation issued under the Local Obligation Indenture, including the following covenants and agreements for the benefit of the Owners of the Local Obligations that are necessary, convenient and desirable to secure the Local Obligations:

Compliance with Health and Safety Code. The Successor Agency covenants that it will comply with all applicable requirements of the Health and Safety Code.

Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Successor Agency shall prepare and submit to the Successor Agency Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the Successor Agency are listed, including with respect to the Local Obligations, together with the source of funds expected to be used to pay for each such enforceable obligation.

Punctual Payment. The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the Local Obligations on the date, at the place and in the manner provided in the Local Obligations, and that it will take all actions required under the Health and Safety Code to include debt service on the Local Obligations on the applicable Recognized Obligation Payment Schedule.

No Priority; No Additional Parity Local Obligations; Refunding Local Obligations; Other Obligations. The Successor Agency covenants that it will not issue any Obligations payable, either as to

principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues on a parity with or superior to the lien under the Local Obligations Indenture for the Local Obligations; provided, that the Successor Agency may (i) issue and sell refunding Local Obligations payable from Pledged Tax Revenues on a parity with Outstanding Local Obligations, if (a) debt service on such refunding bonds is lower than debt service on the Local Obligations being refunded the Local Obligations will be outstanding and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Local Obligations being refunded; (ii) issue and sell Obligations which have a lien on Pledged Tax Revenues junior to the Local Obligations or (iii) issue and sell Obligations that are payable in whole or in part from sources other than Pledged Tax Revenues; provided, that none of the foregoing issuances shall cause the Agency to violate applicable law.

Use of Proceeds: Management and Operation of Properties. The Successor Agency covenants that the proceeds of the sale of the Local Obligations will be deposited and used as provided in the Local Obligations Indenture and that it will manage and operate all properties owned by it comprising any part of Project Area No. 2 in a proper manner and in accordance with applicable law.

Payment of Taxes and Other Charges. The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in Project Area No. 2, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Local Obligations or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest and redemption premium (if any) on the Local Obligations, all to the end that the priority and security of the Local Obligations shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Books and Accounts; Financial Statements. The Successor Agency covenants that it will at all times keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries are made of the financial transactions and records of the Successor Agency. Within one hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. Upon written request, the Successor Agency shall, as soon practicable, furnish a copy of each audit to any Owner. The Trustee shall have no duty to review such audits.

Protection of Security and Rights of Owners. The Successor Agency covenants to preserve and protect the security of the Local Obligations and the rights of the Owners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that the Pledged Tax Revenues pledged under the Local Obligations Indenture cannot be used to pay debt service on the Local Obligations or (b) any other action affecting the validity of the Local Obligations or diluting the security therefor, including, with respect to the Pledged Tax Revenues, the senior lien position of the Local Obligations to the Statutory Pass-Through Amounts that have been subordinated to the payment of debt service on the Local Obligations.

Tax Covenants. The Successor Agency covenants and agrees not to use, permit the use of, or omit to use Gross Proceeds of the 2015A Local Obligations or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest component of any purchase payment to fail to be excluded pursuant to section 103 of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless

and until the Successor Agency receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion from gross income of interest on any 2015A Local Obligation and the Successor Agency shall comply with each of the specific covenants in this Section.

Tax Sharing Agreements

The Redevelopment Law authorized the Predecessor Agency to enter into Tax-Sharing Agreements with taxing agencies whose territory was located within Project Area No. 2, whereby the Predecessor Agency would pay tax increment revenues to such taxing agencies to alleviate the financial burden or detriment caused by the Redevelopment Project. The Predecessor Agency did not enter into any Tax-Sharing Agreements with respect to Project Area No. 2.

Statutory Pass-Through Payments

Sections 33607.5 and 33607.7 of the Redevelopment Law require the Successor Agency to make Statutory Pass-Through Payments to taxing agencies whose territory is located within Project Area No. 2, to alleviate the financial burden or detriment caused by the Redevelopment Project. On February 4, 2005, the City Council adopted Ordinance No. 705 that amended the Redevelopment Plan of Project Area No. 2, to eliminate the January 1, 2004 time limit on the establishment of loans, advances and indebtedness. This action was permitted under the Redevelopment Law and, as a result, the tax increment revenues generated by Project Area No. 2 was subject to an annual statutory pass through payment to affected taxing agencies.

The Dissolution Act establishes procedures whereby the Successor Agency may make such Statutory Pass-Through Payments subordinate to the payment of debt service on the Local Obligations. The Successor Agency has taken no steps to make Statutory Pass-Through Payments subordinate to the payment of debt service on the Local Obligations.

SUCCESSOR AGENCY

General

The Predecessor Agency was established in 1971. As a result of the Dissolution Act, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. On September 22, 2011, pursuant to Resolution No. CC 2011-20 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Predecessor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City.

Members and Officers

The Successor Agency is governed by a Board of Directors (the “Board”).

<u>Name and Office</u>	<u>Expiration of Term</u>
Tim Spohn, Chair	June 2015
Jeff Parriott, Vice Chair	June 2017
John P. Ferrero, Member	June 2015
Roy Haber III, Member	June 2017
Pat Marcellin, Member	June 2015

Successor Agency Powers

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Predecessor Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Predecessor Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by their oversight boards, as well as review by the State Department of Finance.

Previously, Section 33675 of the Redevelopment Law required the Predecessor Agency to file not later than the first day of October of each year with the County Auditor-Controller of a statement of indebtedness certified by the chief fiscal officer of the Predecessor Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plans). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Predecessor Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Predecessor Agency could not exceed the amounts shown on the Predecessor Agency’s statement of indebtedness. The Dissolution Act eliminated this requirement and provides that the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law and the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law.

PROJECT AREA NO. 2

General

Project Area No. 2 was formed on June 13, 1974 and consists of 1,783 acres that are primarily developed for industrial uses. Redevelopment project areas adopted prior to January 1, 1994, were required to establish limits on the amount of bonded indebtedness that may be outstanding at any time and limits on the amount of tax increment revenue that could be received over the life of the component project area. The tax increment revenue limit for Project Area No. 2 is \$1,153,000,000. The Redevelopment Plan limit is June 13, 2017 and the last day to repay indebtedness is June 13, 2027. See “APPENDIX H – Fiscal Consultant’s Successor Agency Report.”

Project Area No. 2 is generally bounded by Valley Boulevard on the north; Sentous Avenue on the west; the Pomona Freeway on the south; and the City boundary on the east. Project Area No. 2 has superior links to the freeway network. Several existing Pomona Freeway (1-60) interchanges directly service Project Area No. 2, and it is less than 2-1/2 miles south of the San Bernardino Freeway (1-10). The San Gabriel River Freeway (1-605) is near the Western portion of Project Area No. 2. Located within the Los Angeles Metropolitan area, approximately 20 miles from downtown Los Angeles and

within about 30 miles of the Ports of Los Angeles, Long Beach, and San Pedro, and the Los Angeles and Ontario International Airports, local business and industries have a wide variety of readily available options for receipt and distribution of products, materials, and supplies. Most of Project Area No. 2 lies within Los Angeles County Sanitation Districts and there are parallel trunk sewers running the length of Project Area No. 2 which are connected to the San Jose and Carson Sewage Treatment Plants. The trunk system is adequate to satisfy future development needs. Electrical energy is provided by the Southern California Edison Company's Distribution System. Project Area No. 2 is also served by the Southern California Gas Company with adequate gas supplies to meet existing and future development needs.

History of Project Area No. 2

Project Area No. 2 evolved from studies commenced by the City and its Planning Commission in early 1971. A survey area was established by the City Council and the City and the Planning Commission adopted the Preliminary Plan for Project Area No. 2 within the boundaries of the survey area. The Redevelopment Plan for Project Area No. 2 encompasses the Preliminary Plan recommendations and was approved by the Planning Commission as being in conformance with the City's General Plan. The City Council and the Predecessor Agency held a joint public hearing on the Redevelopment Plan and the Council adopted the plan by ordinance.

Project Area No. 2, designated Industry Urban-Development Agency, Transportation-Distribution-Industrial Redevelopment Project No. 2 was, at the time of formation, in need of and suitable for redevelopment pursuant to the Redevelopment Law. Project Area No. 2 had the characteristics of a blighted area, constituting social and economic liabilities and requiring redevelopment in the interest of the health, safety and general welfare of the people of the City and the State of California.

There were in Project Area No. 2 buildings and structures used or intended to be used for living, commercial, industrial, or other purposes which were unfit and unsafe to occupy. Parts of Project Area No. 2 were characterized by economic dislocation, deterioration and disuse resulting from faulty planning. Many lots were of irregular form and shape and inadequate size for proper usefulness and development. Inadequate streets were characteristic of the area. There were also properties and large areas subject to being submerged by water. Parts of Project Area No. 2 were characterized by depreciated values, impaired investments and social and economic maladjustment to such an extent that their capacity to pay taxes was reduced and tax receipts were inadequate for the costs of public services rendered.

The area comprising Project Area No. 2 was selected for redevelopment because of such conditions, including:

- (a) underdeveloped and unproductive vacant land scattered throughout the area and often littered with debris and used for open storage;
- (b) a fragmented and illogical pattern of land ownership inhibiting orderly development;
- (c) a street system incomplete and in some places substandard, denying adequate access to many areas within Project Area No. 2;
- (d) inadequate street lighting and lack of curbs and gutters; and
- (e) substandard industrial structures.

Current Status of Project Area No. 2

A large portion of Project Area No. 2 has now been developed for industrial uses, including but not limited to, light manufacturing, wholesale trade and distribution, technical service businesses, research and development, and other related and compatible uses. To provide the necessary investment factors, the Redevelopment Plan for Project Area No. 2 provided for new streets and improvement of existing substandard roadways. Illogical street patterns have been corrected in the process, and grade separation between railroad and highway arteries have been provided at key points. Full public utility service has been substantially corrected. The environment has also been upgraded through landscaping, the undergrounding of utilities, lighting and the enactment of development guidelines. **[update]**

Land Use

The following table sets forth the land uses within Project Area No. 2.

<u>Land Use</u>	<u>Record Count</u>	<u>Assessed Value</u>	<u>Percent of Value</u>
Residential	1	\$ 297,769	0.03%
Commercial	28	65,307,257	5.58
Industrial	139	944,254,817	80.72
Recreational	-	-	0.00
Institutional	-	-	0.00
Vacant	29	11,812,932	1.01
Poss Int/Min Rights	3	155,390	0.01
Miscellaneous	-	-	0.00
Government Owned	79	-	0.00
State Assessed Non-Unitary	1	239,580	0.02
Unsecured Value	<u>350</u>	<u>147,672,079</u>	<u>12.62</u>
Totals	630	\$1,169,739,824	100.00%

Source: Keyser Marston Associates, Inc.

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Top Ten Taxable Property Owners

The following table sets forth the top ten taxable property owners in Project Area No. 2 for Fiscal Year 2014-15.

Top Ten Taxable Property Owners Fiscal Year 2014-15

Assessee Name	Secured			Unsecured			Total		
	Value	Parcels	% of Secured Value	Value	Parcels	% of Unsecured Value	Value	% of Total Value	% of Incremental Value
1 Majestic Realty Corp. <i>et.al.</i> ⁽¹⁾	\$454,041,484	66	44.42%	-	-	0.00%	\$454,041,484	38.82%	40.53%
2 Unical Real Estate LLC	35,800,000	2	3.50	\$8,213,559	2	5.56	44,013,559	3.76	3.93
3 Grand Avenue Venture LLC	30,804,361	1		-	-	0.00	30,804,361	2.63	2.75
4 Scannell Properties #57 LLC	29,512,029	1	2.89	-	-	0.00	29,512,029	2.52	2.63
5 Catellus Development Corp.	28,584,120	5	2.80	-	-	0.00	28,584,120	2.44	2.55
6 Santa Fe Pacific Realty Corp	24,544,614	3	2.40	-	-	0.00	24,544,614	2.10	2.19
7 Lee Wang LLC	21,537,212	1	2.11	-	-	0.00	21,537,212	1.84	1.92
8 ELC Investments LLC	19,826,639	1	1.94	-	-	0.00	19,826,639	1.69	1.77
9 AMB SGP CIF California LLC and AMB Property LP	18,853,938	2	1.84	-	-	0.00	18,853,938	1.61	1.68
10 218 Machlin LLC	16,888,344	1	1.65	-	-	0.00	16,888,344	1.44	1.51
Top Ten Property Owner Totals	\$680,392,741	83		\$8,213,559	2		\$688,606,300		
Project Area No. 2 Totals:	\$1,022,067,745		66.57%	\$147,672,079		5.56%	\$1,169,739,824	58.87%	
Project Area No. 2 Incremental Value:	\$ 979,732,484		69.45%	\$140,658,239		5.84%	\$1,120,390,723		61.46%

Source: Keyser Marston Associates, Inc.

⁽¹⁾ Majestic Realty Corp. is the largest privately-held developer and owner of master-planned business parks in the United States. [description of leasing to come] See "RISK FACTORS – Concentration of Ownership."

Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the State Board of Equalization. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51(b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

The Fiscal Consultant researched the status of assessment appeals filed by property owners in Project Area No. 2 based upon the latest information available from the County Appeals Board database through the 1st Quarter of 2015. Resolved appeals (those that either resulted in a stipulated adjustment to the contested value or were unsuccessfully appealed due to County Appeals Board denial, an applicant non-appearance or application withdrawal) were analyzed for Project Area No. 2 to forecast the fiscal impact, if any, resulting from identified open/pending appeals filed in Project Area No. 2. The results of this survey of properties having an outstanding or recently stipulated appeal are summarized in the following table.

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Assessment Appeals - Fiscal Year 2008-09 to Fiscal Year 2013-14

		<u>Total Contested</u>	<u>Applicant Opinion of Value</u>	<u>Total Resolved</u>	<u>Variance</u>
Total No. of Appeals from 2008/09 to 2013/14	227				
No. of Resolved Appeals	128				
No. of Successfully Resolved Appeals	21	16.406250%			
Average Reduction of Successful Appeals	14.7068%	\$142,149,326	\$69,299,511	\$121,243,761	(20,905,565)
<hr/>					
Secured Total No. of Pending Appeals	50				
Secured Assumed No. of Pending Appeals Stipulated	8	No. Pending Appeals x % Successful All Project Areas			
Secured FY 2014-15 Open/Pending Appeals	(2,732,000)	113,213,000	48,980,000	110,481,000	(2,732,000)
Secured FY 2013-14 Open/Pending Appeals	(2,913,000)	120,741,000	75,737,000	117,828,000	(2,913,000)
Secured FY 2012-13 Open/Pending Appeals	(1,638,000)	67,894,000	51,600,000	66,256,000	(1,638,000)
Secured FY 2011-12 Open/Pending Appeals	(1,894,000)	78,504,000	42,604,000	76,610,000	(1,894,000)
Secured Prior 2011-12 Open/Pending Appeals	(1,172,000)	48,590,000	25,327,000	47,418,000	(1,172,000)
<hr/>					
Secured Total Est. Reduction Assumed for Open/Pending Appeals	(10,350,000)	\$428,942,000	\$244,248,000	418,592,000	(10,350,000)
Secured Total Est. Tax Refund Open/Pending Appeals at 1%	(\$103,500)				
Sec Tax Refund Open/Pending Appeals based on 0.7375% Override	(\$76,331)				
<hr/>					
Unsecured Total No. of Pending Appeals	49				
Unsecured Assumed No. of Pending Appeals Stipulated	8	No. Pending Appeals x % Successful All Project Areas			
Unsecured FY 2014-15 Open/Pending Appeals	(666,000)	27,582,000	13,338,000	26,916,000	(666,000)
Unsecured FY 2013-14 Open/Pending Appeals	(599,000)	24,815,000	11,965,000	24,216,000	(599,000)
Unsecured FY 2012-13 Open/Pending Appeals	(185,000)	7,658,000	1,610,000	7,473,000	(185,000)
Unsecured FY 2011-12 Open/Pending Appeals	(2,977,000)	123,365,000	66,993,000	120,388,000	(2,977,000)
Unsecured Prior 2011-12 Open/Pending Appeals	(977,000)	40,508,000	5,827,000	39,531,000	(977,000)
<hr/>					
Unsecured Total Est. Reduction Assumed for Open/Pending Appeals	(5,403,000)	\$223,928,000	\$99,733,000	218,525,000	(5,403,000)
Unsecured Total Est. Tax Refund Open/Pending Appeals at 1%	(\$54,030)				
Unsecured Tax Refund Open/Pending Appeals based on 0.7375% Override	(\$39,847)				

Source: Keyser Marston Associates, Inc.

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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 Redevelopment Property Tax Trust Fund of the Successor Agency. For purposes of the attached projections, an estimate of Project Area No. 2's Fiscal Year 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. (Tax refund estimate represents a tax refund on multiple fiscal year filings of appeals on the same parcel.) The estimated reduction in value identified above is assumed to be reflected in Project Area No. 2's aggregate assessed value commencing in Fiscal Year 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 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.

Historical Assessed Values

The following table sets forth the assessed values in Project Area No. 2 for the past ten fiscal years.

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Assessed Values - Fiscal Year 2005-06 through Fiscal Year 2014-15

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<u>Secured</u>										
Land	\$226,942,465	\$223,540,988	\$229,548,404	\$260,960,172	\$277,681,567	\$276,572,268	\$282,608,958	\$293,968,583	\$318,184,557	\$326,604,582
Improvements	408,526,319	455,016,551	534,421,560	599,382,833	634,722,121	646,325,979	658,262,638	674,159,881	689,723,398	693,987,269
Personal Prop	3,774,349	4,452,344	2,017,797	1,977,225	1,661,245	1,566,145	1,403,967	1,280,656	1,281,842	1,236,314
Exemptions	0	0	0	0	0	0	0	0	0	0
Total Secured	639,243,133	683,009,883	765,987,761	862,320,230	914,064,933	924,464,392	942,275,563	969,409,120	1,009,189,797	1,021,828,165
<u>State Assessed</u>										
Land	1,571,280	1,348,589	365,270	363,146	359,168	373,866	406,582	408,025	239,580	239,580
Improvements	889,115	731,012	0	0	0	0	0	0	0	0
Personal Prop	508,989	418,479	0	0	0	0	0	0	0	0
Exemptions	0	0	0	0	0	0	0	0	0	0
Total State Assessed	2,969,384	2,498,080	365,270	363,146	359,168	373,866	406,582	408,025	239,580	239,580
<u>Unsecured</u>										
Land	0	0	0	0	0	0	0	0	0	0
Improvements	42,219,691	38,179,033	46,701,505	45,644,032	50,997,469	46,243,759	57,106,329	57,610,749	58,719,639	62,719,002
Personal Prop	68,817,006	72,933,424	68,843,690	77,039,894	85,203,727	113,614,857	195,417,432	139,705,935	86,916,728	84,953,077
Exemptions	0	0	0	0	0	0	0	0	0	0
Total Unsecured	111,036,697	111,112,457	115,545,195	122,683,926	136,201,196	159,858,616	252,523,761	197,316,684	145,636,367	147,672,079
<u>Grand Total</u>										
Land	228,513,745	224,889,577	229,913,674	261,323,318	278,040,735	276,946,134	283,015,540	294,376,608	318,424,137	326,844,162
Improvements	451,635,125	493,926,596	581,123,065	645,026,865	685,719,590	692,569,738	715,368,967	731,770,630	748,443,037	756,706,271
Personal Prop	73,100,344	77,804,247	70,861,487	79,017,119	86,864,972	115,181,002	196,821,399	140,986,591	88,198,570	86,189,391
Exemptions	0	0	0	0	0	0	0	0	0	0
Grand Total	753,249,214	796,620,420	881,898,226	985,367,302	1,050,625,297	1,084,696,874	1,195,205,906	1,167,133,829	1,155,065,744	1,169,739,824
<u>Base Year Value</u>										
Secured	34,632,922	34,632,922	34,632,922	34,127,167	42,981,410	42,981,410	42,981,410	42,328,261	42,328,261	42,328,261
Unsecured	7,013,840	7,013,840	7,013,840	7,013,840	7,013,840	7,013,840	7,013,840	7,013,840	7,013,840	7,013,840
Add HOX	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Base Year Value	41,653,762	41,653,762	41,653,762	41,148,007	50,002,250	50,002,250	50,002,250	49,349,101	49,349,101	49,349,101
<u>Incremental Value</u>										
	\$711,595,452	\$754,966,658	\$840,244,464	\$944,219,295	\$1,000,623,047	\$1,034,694,624	\$1,145,203,656	\$1,117,784,728	\$1,105,716,643	\$1,120,390,723

Source: Keyser Marston Associates, Inc.

Tax Revenue Receipts

The following table sets forth the tax revenue receipts for the past five fiscal years.

Historic Receipts to Levy Analysis

	2009-10	2010-11	2011-12	2012-13	2013-14
Reported Assessed Value ⁽¹⁾ :					
Secured	\$ 914,064,933	\$ 924,464,392	\$ 942,275,563	\$ 969,409,120	\$1,009,189,797
State Assessed	359,168	373,866	406,582	408,025	239,580
Unsecured	136,201,196	159,858,616	252,523,761	197,316,684	145,636,367
Total Project Value	1,050,625,297	1,084,696,874	1,195,205,906	1,167,133,829	1,155,065,744
Less Base Value ⁽¹⁾	50,002,250	50,002,250	50,002,250	49,349,101	49,349,101
Incremental Value	1,000,623,047	1,034,694,624	1,145,203,656	1,117,784,728	1,105,716,643
Tax Rate to Compute Tax Increment	1.79180%	1.79120%	1.79120%	1.00000%	1.00000%
Computed Gross Tax Increment	17,929,161	18,533,448	20,512,887	11,177,847	11,057,166
Unitary Tax Revenue	45,691	46,473	51,180	52,067	58,051
Total Computed Levy	17,974,852	18,579,921	20,564,067	11,229,914	11,115,218
Gross Based on Collections Rate ⁽²⁾ :					
Secured Tax Increment	15,618,363	15,787,320	16,107,256	9,211,750	9,594,541
Unsecured Tax Increment	2,283,437	2,678,367	4,286,315	1,895,987	1,374,304
Unitary Tax Revenue	45,691	46,473	51,180	52,067	58,051
Total Tax Based on Collections Rate	17,947,491	18,512,160	20,444,751	11,159,804	11,026,896
Variance From Computed Levy	(27,360)	(67,761)	(119,316)	(70,110)	(88,322)
% Collected (Current Levy Only)	99.85%	99.64%	99.42%	99.38%	99.21%
Post-Dissolution Actual Gross Tax Increment Allocated ⁽⁴⁾ :					
T.I. Allocated July 1, 2011 to January 31, 2012			10,948,260		
RPTTF Gross Allocation June 2012 (February 1, 2012 to June 30, 2012)			2,989,246		
RPTTF Gross Allocation January				7,799,094	5,543,734
RPTTF Gross Allocation June				5,944,526	6,503,384
Post-Dissolution Allocated Levy			13,937,507	13,743,620	12,047,118

Source: Keyser Marston Associates, Inc.

⁽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 Fiscal Year 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. **[where on table?]**

⁽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 Redevelopment Property Tax Trust Fund is shown.

Note: 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.

OVERRIDE REVENUES

Background. Property tax rates 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. The California Constitution allows local governments to levy voter-approved debt rates for two purposes: (1) to pay for indebtedness approved by voters prior to 1978, as allowed under Proposition 13, and (2) to pay the annual cost of general obligation bonds approved by voters for local infrastructure projects. At a special municipal election held on June 20, 1978, more than two-thirds of the City’s voters authorized the City to levy an *ad valorem* tax (the “Industry Property Tax Override”) in connection with up to \$250 million principal amount of City general obligation bonds (the “1978 Authorization”). Pursuant to the 1978 Authorization, the City has issued multiple series of general obligation bonds and general obligation refunding bonds. In connection with such outstanding general obligation bonds and general obligation refunding bonds, the City is obligated to and continues to levy the Industry Property Tax Override on taxable properties in the City, including properties within Project Area No. 2.

Override Tax Rates Calculation. The projection of annual Override Tax Rates set forth in the Authority Fiscal Consultant’s Report are based on the combined voter-approved annual debt service, the sum of which is then divided by the projected total assessed values available to support the voter-approved levy (i.e. assessed values of Tax District No. 1, plus the base year assessed values of the respective Project Areas). Tax District No. 1 is located within the City outside of the Project Areas and contains 61 tax rate areas (geographic subareas with common distribution of taxes and which are contained within the boundaries of Tax District No. 1). The City has historically contributed funds to pay a portion of its general obligation bonds secured by *ad valorem* taxes and thus maintain the levy on taxpayers at a lower level than the City would otherwise be entitled to levy. The current rate is 0.73750%. For purposes of projecting the Override Tax Rate in the Authority Fiscal Consultant’s Report, the 0.73750% override rate limit represents the maximum Override Tax Rate that the City will impose to fund the pre-1989 voter-approved indebtedness. The City will agree in the Indenture to maintain the levy for outstanding general obligation bonds at a rate no less than the current rate for such bonds, subject to certain conditions. See “APPENDIX H-1 – FISCAL CONSULTANT’S AUTHORITY REPORT” and “– Assignment and Transfer by the City of Settlement Override Allocation” below.

Historic Property Tax Override Collections. The following table sets for the Industry Property Tax Override Collections for the fiscal years shown.

Fiscal Year (June 30)	Property Tax Override Collections
2014 ⁽¹⁾	\$8,628,202
2013 ⁽¹⁾	8,735,368
2012 ⁽¹⁾	6,144,812
2011	620,986
2010	380,147
2009	390,429
2008	372,910

Source: Keyser Marston Associates, Inc.

⁽¹⁾ Post enactment of Dissolution Act.

Override Settlement Allocation. Under Section 33670(e) of the Health and Safety Code, which contains nearly identical language to California Constitution Article XVI Section 16(c), tax increment

revenues received by the Predecessor Agency excluded any property tax override levied by a taxing entity for bonds issued for the acquisition or improvement of real property if the levy of such override was approved by the voters of the taxing agency on or after January 1, 1989. Because the Property Tax Override was authorized in 1978 (i.e., before January 1, 1989), tax increment revenues allocated and paid to the Predecessor Agency with respect to Project Area No. 2 for each fiscal year included a portion of the Property Tax Override (such portion of the Property Tax Override referred to herein as the “Override Settlement Allocation”) and were therefor captured by the pledge given by the Predecessor Agency to the Refunded Bonds. Under implementation of the Dissolution Act, the County Auditor-Controller no longer allocates tax revenues to the Redevelopment Property Tax Trust Fund generated from tax override levies, but sends such amounts directly to the City.

Assignment and Transfer by the City of Settlement Override Allocation. In consideration for the Authority’s assistance to the Successor Agency in connection with the refunding of the Refunded Bonds and in full and final settlement and compromise with respect to tax revenues received and to be received by the City pursuant to the 1978 Authorization that prior to the Dissolution Act were received by the Predecessor Agency (all of which is acknowledged by the City as pledged to the Refunded Bonds), the City in the Indenture will assign, and covenant and agree to transfer to the Authority and only to the Authority as and when received by the City, all such Override Settlement Allocation for deposit in the Revenue Fund of the Indenture as security for the Bonds. The City will agree in the Indenture to maintain the levy for outstanding general obligation bonds of the City pursuant to the 1978 Authorization at a rate no less than the current rate for such bonds; provided, however, that revenues generated by such rate payable to the City (excluding the Override Settlement Allocation) will not exceed annual debt service on such general obligation bonds for the year levied, plus an allowance for delinquencies (in an amount not to exceed ten percent of such levy) and fees of any paying agent for the general obligation bonds.

ESTIMATED DEBT SERVICE COVERAGE

The following table sets forth the debt service coverage on the Bonds. Based on estimated Pledged Tax Revenues from Project Area No. 2, estimated Override Settlement Allocation and estimated transferred revenues from Project Area No. 1 and Project Area No. 2, coverage for Maximum Annual Debt Service is approximately ___%.

**Estimated Debt Service Coverage for Authority Bonds
Assuming No Growth
Fiscal Years 2014-15 through 2026-27
(In thousands)**

<u>Fiscal Year (June 30)</u>	<u>Pledged Tax Revenues</u>	<u>Override Settlement Allocation</u>	<u>Transferred Revenues⁽¹⁾</u>	<u>Total Revenues</u>	<u>Debt Service</u>	<u>Debt Service Coverage</u>
2015	\$9,764	\$8,002				
2016	9,892	8,092				
2017	9,892	8,092				
2018	9,892	8,092				
2019	9,892	8,092				
2020	9,892	8,092				
2021	9,892	7,234				
2022	9,892	7,233				
2023	9,892	7,234				
2024	9,892	7,239				
2025	9,892	692				

2026	9,892	345
2027	9,892	345

Source: Keyser Marston Associates, Inc. and Underwriter.

⁽¹⁾ “Transferred Revenues” means revenues released from the lien for Senior Bonds in Project Area No. 1 and Project Area No. 3.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 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 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Local Obligations and the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors’ rights, including equitable principles.

Override Settlement Allocation and Transferred Revenues

As discussed above under the caption “OVERRIDE REVENUES,” in consideration for the Authority’s issuance of the Bonds, the City will assign, covenant and agree in the Indenture to transfer to the Authority all Override Settlement Allocation for deposit in the Revenue Fund of the Indenture. Override Settlement Allocation, together with revenue from the Local Obligations, is projected to be sufficient to pay the principal of and interest on the Bonds when due. See “ESTIMATED DEBT SERVICE COVERAGE” for a description of the projected coverage on the Bonds. Such coverage, however, could be materially and adversely affected by, among other things, growth in assessed valuations in Tax District No. 1 and Project Area No. 4, (ii) changes in debt service obligations for the City’s general obligation bonds and/or (iii) collection of tax revenue in Project Area 1 that results in mandatory special redemptions of bonds issued by the Authority secured by tax revenue in Project Area No. 1.

In addition, transferred revenues from Project Area No. 1 and Project Area No. 3 available for debt service on the Bonds is dependent on there being surplus revenues after debt service on the bonds the Authority is issuing for Project Area No. 1 and Project Area No. 3 concurrently with the Bonds, that are secured in part by tax revenues and override settlement allocation for such Project Areas.

Reduction in Taxable Value

Pledged Tax Revenues available to pay principal and interest on the Local Obligations are determined by the amount of incremental taxable value in Project Area No. 2 and the current rate or rates at which property in Project Area No. 2 is taxed. The reduction of taxable values of property in Project Area No. 2 caused by economic factors beyond the Successor Agency’s control, such as relocation out of Project Area No. 2 by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the Local Obligations. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the Local Obligations and therefor on the Authority’s ability to make timely payments of principal of and interest on the Bonds.

As described in greater detail under the heading “PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution,” Article XIII A 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 inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Pledged Tax Revenues available to pay principal and interest on the Local Obligations.

In addition to the other limitations on, and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading “RISK FACTORS,” the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledge Tax Revenues and adversely affect the source of repayment and security of the Local Obligations and therefore on the Authority’s ability to make timely payments of principal of and interest on the Bonds.

Risks to Real Estate Market

The Successor Agency’s ability to make payments on the Local Obligations will be dependent upon the economic strength of Project Area No. 2. The general economy of Project Area No. 2 will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within each of Project Area No. 2 could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of Project Area No. 2, the owners of property within Project Area No. 2 may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Successor Agency from Project Area No. 2.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value 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 percent 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. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. The Authority is unable to predict if any adjustments to the full cash value of real property within Project Area No. 2, whether an increase or a reduction, will be realized in the future.

Development Risks

The general economy of Project Area No. 2 will be subject to all the risks generally associated with real estate development. Projected development within Project Area No. 2 may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest

rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within Project Area No. 2 could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development within Project Area No. 2 is delayed or halted, the economy of Project Area No. 2 could be affected. If such events lead to a decline in assessed values they could cause a reduction in Pledged Tax Revenues for Project Area No. 2. In addition, if there is a decline in the general economy of Project Area No. 2, the owners of property within Project Area No. 2 may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the Pledged Tax Revenues received by the Successor Agency from Project Area No. 2. In addition, the insolvency or bankruptcy of one or more large owners of property within Project Area No. 2 could delay or impair the receipt of Pledged Tax Revenues by the Successor Agency.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in Project Area No. 2, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Local Obligations. Any reduction in Pledged Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the 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 State Department of Finance for approval, a Recognized Obligation Payment Schedule 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. Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

If a Successor Agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by

the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the Successor Agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the State Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the County Auditor-Controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local Successor Agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (ii) second, on each January 2 and June 1, to the Successor Agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to the Successor Agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Local Obligations in Recognized Obligation Payment Schedules for each six-month period and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indentures or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period.

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the

80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Future Implementation of Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by *Syncora Guarantee Inc. and Syncora Capital Assurance Inc.* (collectively, “Syncora”) 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). 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 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.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora’s constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora’s takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency’s ability to timely pay debt service on the Local Obligations and therefore on the Authority’s ability to make timely payments of principal of and interest on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Local Obligations and the Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Estimated Revenues

In estimating that Revenues will be sufficient to pay debt service on the Bonds, the Authority has made certain assumptions with regard to present and future assessed valuation in Project Area No. 2, future tax rates and percentage of taxes collected. The Authority believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Revenues available to pay debt service on the Bonds will be less than those projected and such reduced Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Assumptions and Projections

To estimate the Pledged Tax Revenues available to pay debt service on the Local Obligations, the Fiscal Consultant has made certain assumptions with regard to present and future assessed valuation in Project Area No. 2, future tax rates and percentage of taxes collected. The Authority 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 Pledged Tax Revenues available to pay debt service on the Local Obligations and therefor on the Authority's ability to pay the principal of and interest on the Bonds may be less than those projected. No assurance can be made that the aggregate coverage projections with respect to the Bonds will be met.

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," "project," "expect," "anticipate," "intend," "believe," "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 that 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. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within Project Area No. 2. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition 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 Project Area No. 2 be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Natural Disasters

The value of the property in Project Area No. 2 in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in

Project Area No. 2 could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the Local Obligations or the Authority's ability to pay debt service on the Bonds.

Secondary Market

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

Concentration of Ownership

The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within Project Area No. 2 is concentrated among a relatively few number of property owners. Ownership of property in Project Area No. 2 is highly concentrated, with the largest property owner, Majestic Realty Corp., accounting for 38.82% of the Fiscal Year 2014-15 assessed valuation and 40.53% of Project Area No. 2 incremental value. Significant reduction in the assessed values of this property owner could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the Bonds as such payments become due and payable. See footnote (1) to the table under the caption "PROJECT AREA NO. 2 - Top Ten Taxable Property Owners" for a description of the leasing operations of Majestic Realty Corp.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, *ad valorem* taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

Collections. Secured and unsecured property 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. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each 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. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within Project Area No. 2, Pledged Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. The County's administrative charge to the Successor Agency for Fiscal Year 2014-15 is \$816,843.64.

Statutory Pass-Through Amounts. The payment of Statutory Pass-Through Amounts (defined in APPENDIX A) results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5

and 33607.7 of the Redevelopment Law. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Statutory Pass-Through Amounts” for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to Project Area No. 2.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the 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 State Department of Finance for approval, a Recognized Obligation Payment Schedule 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. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule” and “RISK FACTORS – Recognized Obligation Payment Schedule.”

Unitary Property

Assembly Bill (“AB”) 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive that 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 is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides 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 provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county 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.

Article XIII A of the State Constitution

Article XIII A limits the amount of ad valorem taxes on real property to 1% of “full cash value” of such property, as determined by the county assessor. 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.” Furthermore, the “full cash value” of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by substantial damage, destruction or other factors, and to

provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchase” and “change of ownership,” for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature’s action, the growth of property tax revenues may decline.

Legislation enacted by the 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 this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIII B

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment Successor Agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an Successor Agency of proceeds of taxes levied by or on behalf of an Successor Agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Articles XIII C and XIII D of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See also “– Propositions 218 and 26” below.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State 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 certain bonded indebtedness issued by a taxing entity (not the Predecessor Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner’s property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner’s property in any one year must submit an application to the County Assessment Appeals Board (the “Appeals Board”). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor’s Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as “ongoing hardship”), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the “base year” value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for “ongoing hardship” in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market

value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code 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.

Propositions 218 and 26

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

Future Initiatives

Article XIII A, Article XIIB, Article XIIC and Article XIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency’s ability to expend revenues.

TAX MATTERS

2015A Bonds

Tax Exemption. The Internal Revenue Code of 1986 (the “Code”) imposes certain requirements that must be met subsequent to the issuance and delivery of the 2015A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2015A Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the 2015A Bonds. The Authority has covenanted to maintain the exclusion of the interest on the 2015A Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2015A Bonds is exempt from personal income taxes of the State and, assuming compliance with the covenants mentioned herein, interest on the 2015A Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. It is the further opinion of Bond Counsel that, under existing statutes, regulations, rulings and court decisions, the 2015A Bonds are not “specified private activity bonds” within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the

2015A Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on 2015A Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Pursuant to the Indenture and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, to be delivered by the Authority in connection with the issuance of the 2015A Bonds, the Authority will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion pursuant to section 103(a) of the Code of interest on the 2015A Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by the Authority with its covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the 2015A Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the 2015A Bonds, or the interest thereon, if any action is taken with respect to the 2015A Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the 2015A Bonds may affect the tax status of interest on the 2015A Bonds or the tax consequences of the ownership of the 2015A Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an audit of the 2015A Bonds is commenced, it is likely that under current procedures the Service would treat the Authority as the "taxpayer" and that the owners would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the 2015A Bonds, the Authority may have different or conflicting interests from the owners. Public awareness of any such examination of the 2015A Bonds could adversely affect the value and liquidity of the 2015A Bonds during the pendency of the examination, regardless of its ultimate outcome.

No assurance can be given that future legislation, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the exemption of interest on the 2015A Bonds from personal income taxation by the State or of the exclusion of the interest on the 2015A Bonds from the gross income of the owners thereof for federal income tax purposes.

A copy of the proposed form of opinion of Bond Counsel relating to the 2015A Bonds is attached hereto as Appendix B.

Tax Accounting Treatment of Bond Premium and Original Issue Discount. To the extent that a purchaser of a 2015A Bond acquires that 2015A Bond at a price in excess of its "stated redemption price at maturity" (within the meaning of section 1273(a)(2) of the Code), such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax

purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its 2015A Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the 2015A Bond to the owner.

Persons considering the purchase of 2015A Bonds with initial bond premium should consult with their own tax advisors with respect to the determination of amortizable bond premium on such 2015A Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2015A Bonds. Bond Counsel will express no opinion regarding any such tax consequence.

The excess, if any, of the stated redemption price at maturity of 2015A Bonds of a maturity over the initial offering price to the public of the 2015A Bonds of that maturity is "original issue discount." Original issue discount accruing on a 2015A Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that 2015A Bond. Original issue discount on any 2015A Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the 2015A Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a 2015A Bond accruing during each period is added to the adjusted basis of such 2015A Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2015A Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of 2015A Bonds who purchase such 2015A Bonds other than at the initial offering price and pursuant to the initial offering

Persons considering the purchase of 2015A Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such 2015A Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2015A Bonds. Bond Counsel will express no opinion regarding any such tax consequence.

Other Tax Consequences. Although interest on the 2015A Bonds may be exempt from California personal income tax and excluded from the gross income of the owners thereof for federal income tax purposes, an owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the 2015A Bonds. The nature and extent of these other tax consequences will depend upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the 2015A Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2015A Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the 2015A Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the 2015A Bonds, (iii) interest on the 2015A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the 2015A Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take

into account, in determining the taxability of such benefits, receipts or accruals of interest on the 2015A Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the 2015A Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel will express no opinion regarding any such other tax consequence.

2015B Bonds

State Tax Exemption. In the opinion of Bond Counsel, under existing law interest on the 2015B Bonds is exempt from personal income taxes of the State. Except as stated in the immediately preceding sentence, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the 2015B Bonds. A copy of the form of opinion of Bond Counsel relating to the 2015B Bonds is included in Appendix B.

Federal Income Tax Considerations. The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the 2015B Bonds. The discussion is based upon the Code, United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a 2015B Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the 2015B Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the 2015B Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire 2015B Bonds in connection with the performance of services, or persons deemed to sell 2015B Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will hold the 2015B Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such 2015B Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the 2015B Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCE TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2015B BONDS.

Interest on the 2015B Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the 2015B Bonds from gross income for federal income tax purposes. The Authority has taken no action to cause, and does not intend, interest on the 2015B Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners

thereof for federal income tax purposes. The Authority intends to treat the 2015B Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. THE AUTHORITY EXPECTS THAT THE INTEREST PAID ON A 2015B BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.

Disposition of 2015B Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount. An owner of 2015B Bonds will generally recognize gain or loss on the sale or exchange of the 2015B Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued interest) and the owner's adjusted tax basis in the 2015B Bonds. Generally, the owner's adjusted tax basis in the 2015B Bonds will be the owner's initial cost, increased by original issue discount (if any) previously included in the owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner's holding period for the 2015B Bonds.

Under current law, a purchaser of a 2015B Bond who did not purchase that 2015B Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such 2015B Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such 2015B Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that 2015B Bond (or, in the case of a 2015B Bond bearing original issue discount, is less than the "revised issue price" of that 2015B Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire 2015B Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such 2015B Bonds could have a material effect on the market value of such 2015B Bonds.

Stated Interest and Reporting of Interest Payments. The stated interest on the 2015B Bonds will be included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the 2015B Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each owner of a 2015B Bond for federal income tax purposes.

Original Issue Discount. If the first price at which a substantial amount of the 2015B Bonds of any stated maturity is sold (the "Issue Price") is less than the face amount of those 2015B Bonds, the excess of the face amount of each 2015B Bond of that maturity over the Issue Price of that maturity is "original issue discount". If the original issue discount on a 2015B Bond is less than the product of one quarter of one percent of its face amount times the number of complete years to its maturity, the original issue discount on that 2015B Bond will be treated as zero. Original issue discount on a 2015B Bond will be amortized over the life of the 2015B Bond using the "constant yield method" provided in the Treasury Regulations. As the original issue discount on a 2015B Bond accrues under the constant yield method, the owner of that 2015B Bond, regardless of its regular method of accounting, will be required to include such accrued amount in its gross income as interest. This can result in taxable income to the owners of

the 2015B Bonds that exceeds actual cash distributions to the owners in a taxable year. To the extent that a 2015B Bond is purchased at a price that exceeds the sum of the Issue Price of that 2015B Bond and all original issue discount previously includible by any holder in gross income (the “revised issue price” of that 2015B Bond), the subsequent accrual of original issue discount to that purchaser must be reduced to reflect that premium.

The amount of the original issue discount that accrues on the 2015B Bonds each taxable year will be reported annually to the Service and to the owners. The portion of the original issue discount included in each owner’s gross income while the owner holds the 2015B Bonds will increase the adjusted tax basis of the 2015B Bonds in the hands of such owner.

Amortizable Bond Premium. An owner that purchases a 2015B Bond for an amount that is greater than its stated redemption price at maturity will be considered to have purchased the 2015B Bond with “amortizable bond premium” equal in amount to such excess. The owner may elect to amortize such premium using a constant yield method over the remaining term of the 2015B Bond and may offset interest otherwise required to be included in respect of the 2015B Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a 2015B Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a 2015B Bond. However, if the 2015B Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the 2015B Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Owners of the 2015B Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the 2015B Bonds as well as gain on the sale of a 2015B Bond.

Defeasance. Persons considering the purchase of a 2015B Bond should be aware that the bond documents permit the Authority under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Indenture (a “defeasance”). A defeasance could result in the realization of gain or loss by the owner of a 2015B Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Owners of 2015B Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Backup Withholding. Under section 3406 of the Code, an owner of the 2015B Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” of current or accrued interest on the 2015B Bonds or with respect to proceeds received from a disposition of the 2015B Bonds. This withholding applies if such owner of 2015B Bonds: (i) fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified

statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the 2015B Bonds. Owners of the 2015B Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such an owner of the 2015B Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner’s United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the 2015B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the 2015B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the 2015B Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the 2015B Bonds, including the applicability and effect of any state, local, or foreign tax law, and of any proposed change of applicable law.

UNDERWRITING

The 2015A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the 2015A Bonds at a price of \$_____ (being the principal amount of the 2015A Bonds [plus/less] a net original issue [premium/discount] of \$_____ and less an underwriter’s discount of \$_____). The Underwriter will purchase all of the 2015A Bonds if any are purchased.

The 2015B Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the 2015B Bonds at a price of \$_____ (being the principal amount of the 2015B Bonds [plus/less] a net original issue [premium/discount] of \$_____ and less an underwriter’s discount of \$_____). The Underwriter will purchase all of the 2015B Bonds if any are purchased.

FINANCIAL ADVISOR

The Successor Agency has retained the Financial Advisor in connection with the authorization, issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, an independent certificated public accountant, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the Underwriter, relating to the sufficiency of monies deposited into the Escrow Funds created under the Escrow Agreements to redeem all of the outstanding Refunded Bonds on the Redemption Dates.

The report of the Verification Agent, 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 date or information coming to its attention, subsequent to the date of its report.

LITIGATION

There is no action, suit or proceeding known to the Authority to be pending and notice of which has been served upon and received by the Authority, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority taken with respect to any of the foregoing.

The Successor Agency has filed no lawsuits and is not involved in any current litigation in connection with the dissolution of redevelopment. However, there are numerous lawsuits pending that could have a material impact on tax revenues available for the Local Obligations. See “RISK FACTORS – Future Implementation of the Dissolution Act.”

RATINGS

Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services, LLC Company (“S&P”) has assigned its rating of “___” to the Bonds. The ratings reflect only the view of S&P as to the credit quality of the Bonds, and explanation of the significance of the ratings may be obtained from S&P. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated as of June 1, 2015 (the “Continuing Disclosure Agreement”), by and between the Authority and _____ as Dissemination Agent, the Authority has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority not later than eight (8) months following the end of the Authority’s Fiscal Year (which Fiscal Year presently ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year 2014-15, and to provide notices of the

occurrence of certain enumerated events. The Annual Report and notices of enumerated events, if any, will be filed by the Authority or its agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of certain enumerated events is set forth in “APPENDIX D-1 – FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission.

Pursuant to a Continuing Disclosure Agreement, dated as of June 1, 2015 (the “Continuing Disclosure Agreement”), by and between the Successor Agency and _____ as Dissemination Agent, the Successor Agency has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency not later than eight (8) months following the end of the Successor Agency’s Fiscal Year (which Fiscal Year presently ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year 2014-15, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events, if any, will be filed by the Successor Agency or its agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of certain enumerated events is set forth in “APPENDIX D-2 – FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with the Rule.

[insert any applicable filing details regarding the Authority and Successor Agency] On March 27, 2014, the City adopted Continuing Disclosure Compliance Procedures to assist the City, the Authority and the Successor Agency in complying with its undertakings under the Rule.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Bonds is subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, to be delivered in substantially the form set forth in Appendix B herein. Burk, Williams & Sorensen, LLP, Los Angeles, California, is serving as Authority Counsel. Richards, Watson & Gershon, a Professional Corporation, Los Angeles, California, is serving as Successor Agency Counsel. Bond Counsel, Authority Counsel and Successor Agency Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Norton Rose Fulbright US LLP, Los Angeles, California, is serving as Disclosure Counsel to the Authority, and Nixon Peabody LLP, Los Angeles, California, is serving as Underwriter’s Counsel.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement by their Executive Directors has been duly authorized by the Authority and the Successor Agency.

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

By: _____
Executive Director

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

APPENDIX B
FORM OF BOND COUNSEL OPINION

APPENDIX C

BOOK-ENTRY SYSTEM

The information in this APPENDIX C concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Appendix. 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 Successor 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. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the

event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX D-1

FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT

APPENDIX D-1

FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the City of Industry Public Facilities Authority (the “Authority”) and [Dissemination Agent], as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$[2015A Par Amount] aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) (the “Series 2015A Bonds”) and \$[2015B Par Amount] aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) (the “Series 2015B Bonds” and, together with the 2015A Bonds, the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2015 (the “Indenture”), by and between the City of Industry Public Facilities Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Authority and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the Owners and Beneficial Owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Section 3 this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Authority for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(c) of this Disclosure Agreement.

“Beneficial Owner” shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

“Dissemination Agent” shall mean initially, [Dissemination Agent], acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority, and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the Authority, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated _____, 2015, relating to the Bonds.

“Owner” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision and Contents of Annual Report.

(a) So long as any Bonds remain outstanding, the Authority shall, or shall cause the Dissemination Agent to, not later than eight (8) months occurring after the end of the Authority’s Fiscal Year, commencing with the Fiscal Year ended June 30, 2015, provide to the MSRB, through EMMA, a copy of its Annual Report.

(b) Each Annual Report shall contain Audited Financial Statements and shall also contain Annual Financial Information consisting of the following information for the immediately prior Fiscal Year: [(i) the aggregate annual debt service for the Bonds, (ii) the actual amount of Pledged Tax Revenues received by the Trustee for deposit in the Revenue Fund, (iii) the actual amount of Override Settlement Allocation received by the Trustee for deposit in the Revenue Fund, (iv) the actual amount of Surplus Override Settlement Allocation received by the Trustee for deposit in the Revenue Fund, (v) the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund, and (vi) the debt service coverage with respect to the Bonds based on the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund.]

(c) If the Authority's Audited Financial Statements are not available by the time such Audited Financial Statements are required to be filed pursuant to Section 3(a), the Authority shall submit unaudited financial statements. When the Audited Financial Statements are available, the Authority shall provide in a timely manner an electronic copy to the Dissemination Agent for filing with the MSRB. The Annual Report, or portions thereof, may be contained in the City of Industry's comprehensive annual financial report ("CAFR") and submission of such CAFR to the MSRB through EMMA shall constitute compliance for submission of those portions of the Annual Report.

(d) The Annual Report must be submitted in electronic format, accompanied by such identifying information as required by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3(f) of this Disclosure Agreement. If the Fiscal Year changes for the Authority, the Authority shall give notice of such change in the manner provided under Section 5(e) hereof.

(e) Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Authority or related public entities, available to the public on EMMA or filed with the SEC. The Authority shall clearly identify each such other document so included by reference.

(f) The contents, presentation and format of the Annual Report may be modified from time to time as determined in the judgment of the Authority to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Authority or to reflect changes in the business, structure, operations, legal form of the Authority.

(g) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(h) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB prior to the date for providing the Annual Reports; and

(ii) to the extent known to the Dissemination Agent file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Reserved.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) tender offers;
- (iv) rating changes;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (vii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (viii) substitution of credit or liquidity providers or their failure to perform; or
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States 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 Authority, or if such jurisdiction has been assumed by leaving the existing governing 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 Authority.

(b) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) the consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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;

(ii) appointment of a successor or additional Trustee or the change of the name of a Trustee;

(iii) non-payment related defaults;

(iv) modifications to the rights of Owners;

(v) Bond calls;

(vi) release, substitution or sale of property securing repayment of the Bonds;

or

(vii) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Authority shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Authority determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Authority shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to EMMA in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all Outstanding Bonds. If such termination occurs prior to

the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing' a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of outstanding Bonds with indemnification satisfactory to it, shall), or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority), as the case may be, to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority) to comply with this Disclosure Agreement shall be an action to compel performance. The Trustee shall not owe any fiduciary duty to the Participating Underwriter nor shall its failure to comply with the request of any Participating Underwriter result in a breach of any of its fiduciary duties owed to the Owners.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as

Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. If the Trustee performs the duties assigned to it hereunder, the Trustee shall not be responsible to any person for any failure by the Authority or the Dissemination Agent (if other than the Trustee) to perform duties or obligations imposed hereby. The Dissemination Agent shall have the same rights and protections hereunder as accorded to the Trustee under the Indenture. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any owner of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Authority.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

[Remainder of page intentionally left blank.]

SECTION 14. Governing Law. This Disclosure Agreement shall be governed and construed in accordance with the laws of the State.

SECTION 15. 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.

Dated: as of June 1, 2015

CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY

By _____
Executive Director

[DISSEMINATION AGENT], as Dissemination
Agent

By _____
Authorized Officer

EXHIBIT A
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Industry Public Facilities Authority (the “Authority”)

Name of Bond Issue: \$[2015A Par Amount] City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) and \$[2015B Par Amount] City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable)

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 1, 2014, with respect to the Bonds. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

[DISSEMINATION AGENT]
as Dissemination Agent

on behalf of the Authority

APPENDIX D-2

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUND - JUNE 30, 2014

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX G

SUPPLEMENTAL INFORMATION – THE CITY OF INDUSTRY

APPENDIX H-1
FISCAL CONSULTANT'S AUTHORITY REPORT

APPENDIX H-2

FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT

\$ _____
**City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds
Series 2015A
(Transportation-Distribution-Industrial
Redevelopment Project No. 2)
(Tax-Exempt)**

\$ _____
**City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds
Series 2015B
(Transportation-Distribution-Industrial
Redevelopment Project No. 2)
(Taxable)**

BOND PURCHASE AGREEMENT

May [__], 2015

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement with the City of Industry Public Facilities Authority (the “Authority”) and the Successor Agency to the Redevelopment Agency of the City of Industry (the “Successor Agency” and, together with the Authority, the “Industry Entities”), which, upon the Industry Entities’ acceptance hereof, will be binding upon the Industry Entities and the Underwriter. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Industry Entities and the delivery of such acceptance to the Underwriter or its attorney at or prior to 6:00 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Industry Entities at any time prior to the acceptance hereof by the Industry Entities.

1. Definitions. All capitalized terms not defined herein shall have the meanings ascribed to them in the Official Statement (as defined below). Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“2015A Bonds” means \$_____ aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt).

“2015B Bonds” means \$_____ aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable).

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Authority Bond Resolution” means, collectively, (i) Authority Resolution No. PFA 2014-4 adopted by the Authority’s Board of Directors on December 11, 2014 which authorized the Authority’s issuance of the Bonds and entry into the Authority Indenture, and (ii) Authority Resolution No. PFA 2015-[_] adopted by the Authority’s Board of Directors on May [___], 2015 which authorized the Authority’s entry into this Bond Purchase Agreement and the Authority Continuing Disclosure Agreement, and the preparation, use and distribution of the Preliminary Official Statement and the Official Statement.

“Authority Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, between the Authority and [_____], as Dissemination Agent.

“Authority Legal Documents” means the Indenture, the Authority Continuing Disclosure Agreement and the Tax Certificate.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584 of the Government Code of the State), as amended from time to time.

“Bond Purchase Agreement” means this Bond Purchase Agreement.

“Bonds” means, collectively, the 2015A Bonds and the 2015B Bonds.

“Business Day” means any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Industry Entities are legally authorized to close.

“City” means the City of Industry, California.

“Closing Date” has the meaning given such term in Section 7 hereof.

“Closing Time” means the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreements” means, collectively, the Authority Continuing Disclosure Agreement and the Successor Agency Continuing Disclosure Agreement.

“End Date” has the meaning set forth in Section 2 hereof.

“Indenture” means the Indenture of Trust (Project Area No.2), dated as of [_____] 1, 2015, between the Authority and U.S. Bank National Association, as Trustee.

“Legal Documents” means, collectively, the Authority Legal Documents and the Successor Agency Legal Documents.

“Local Obligation Indenture” means the Indenture of Trust (Project Area No. 2), dated as of [_____] 1, 2015, between the Successor Agency and U.S. Bank National Association, as trustee.

“Local Obligations” means, collectively, the Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt), and the Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable).

“Official Statement” means the Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Pledged Tax Revenues” means (a) all taxes annually allocated to the Successor Agency with respect to Project Area No. 2 following the date of issuance and delivery of the Local Obligations (the “Delivery Date”) pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code and section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, and including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemption and tax limitations; but excluding all other amounts of such taxes (if any) (i) which are required by law on the Delivery Date to be deposited by the Successor Agency in a housing fund, if any, (ii) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) any amounts payable by the Successor Agency pursuant to sections 33607.5 or 33607.7 of the Health and Safety Code, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds and any parity debt authorized under the Prior 2002 Indenture or Prior 2003 Indenture; and (iv) amounts of such taxes (if any) which are required to be paid to any other public agency under Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code or under agreement between the Successor Agency and such public agency and (b) all taxes distributed by the County of Los Angeles Auditor-Controller from the Redevelopment Property Tax Trust Fund that are received by the Successor Agency, if any, resulting from the levy of an *ad valorem* tax by the City pursuant to voter authorization at a special municipal election on June 20, 1978 that were pledged to the Refunded Bonds.

“Preliminary Official Statement” means the Preliminary Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Refunding Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“State” means the State of California.

“Successor Agency Bond Resolution” means, collectively, the Successor Agency Resolution No. SA 2014-06 adopted by the Successor Agency’s Board of Directors on December 11, 2014, as approved by the Oversight Board for the Successor Agency in Resolution No. OB 2014-29 adopted on December 11, 2014, and the State Department of Finance as evidenced in a letter to the Successor Agency dated January 22, 2015, all of which authorized and approved the Successor Agency’s issuance of the Local Obligations and entry into the Local Obligation Indenture.

“Successor Agency Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Local Obligations, between the Successor Agency and [_____], as Dissemination Agent.

“Successor Agency Legal Documents” means the Local Obligation Indenture, the Successor Agency Continuing Disclosure Agreement [and the Successor Agency Tax Certificate].

“Tax Certificate” means the Tax Certificate of the Authority relating to the 2015A Bonds dated the Closing Date.

2. Use and Preparation of Official Statement; Continuing Disclosure Agreements.
The Authority has heretofore delivered to the Underwriter electronic copies of the Preliminary Official Statement, which the Authority hereby deems final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Authority shall prepare and deliver to the Underwriter, as promptly as practicable, but in no event later than seven (7) Business Days from the date hereof and at least two (2) Business Days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Underwriter, in such form and quantities as the Underwriter may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Authority hereby ratifies, confirms and approves the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement, and hereby authorizes the Underwriter to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the Bonds. The Underwriter agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Authority, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Authority shall deliver sufficient copies of the Official Statement to enable the Underwriter to distribute a single copy to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Authority may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriter. In any event, the Underwriter shall promptly notify the Authority of the end of the underwriting period.

The Industry Entities will undertake pursuant to the Continuing Disclosure Agreements, to be dated the date of issuance of the Bonds, to provide certain annual financial and operating

information and certain event notices. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

3. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority the 2015A Bonds for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[_____] aggregate principal amount of the 2015A Bonds at an aggregate purchase price of \$[_____] (the "Purchase Price"), representing the aggregate principal amount of the 2015A Bonds, plus an original issue premium of \$[_____] , less an underwriter's discount of \$[_____].

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority the 2015B Bonds for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[_____] aggregate principal amount of the 2015B Bonds at an aggregate purchase price of \$[_____] (the "Purchase Price"), representing the aggregate principal amount of the 2015B Bonds, less an underwriter's discount of \$[_____].

4. The Bonds and the Local Obligations. The principal amounts, maturity dates, interest rates and prices with respect to the Bonds shall be as described in the Official Statement and in Exhibit A hereto. The principal amounts, maturity dates, interest rates and prices with respect to the Local Obligations shall be as described in Exhibit A hereto.

5. Public Offering of the Bonds. Except as otherwise disclosed and agreed to by the Authority, the Underwriter agrees to make a bona fide public offering of the Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Exhibit A hereto; provided, however, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and to sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Official Statement. A "bona fide public offering" shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

6. Use of Documents. The Industry Entities hereby authorize the Underwriter to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Agreement, the Preliminary Official Statement the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., Pacific time, on [_____] [___], 2015, or at such other time or on such later date as shall have been mutually agreed upon by the Authority and the Underwriter (the "Closing Date"). At the Closing Time, the Authority will deliver or cause to be delivered the Bonds to the Underwriter through The Depository Trust Company ("DTC") in definitive or temporary form, duly executed by the

Authority, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Norton Rose Fulbright US LLP, Los Angeles, California, or at such other place as shall have been mutually agreed upon by the Authority and the Underwriter.

8. Representations, Warranties and Agreements of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City and the Industrial Development Agency of the City of Industry, and under the provisions of the Act, and is authorized pursuant to the Bond Law to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies. The Authority has the power to issue the Bonds pursuant to the Act, the Bond Resolution and the Indenture.

(b) The Authority has full legal right, power and authority under the Constitution and the laws of the State to adopt the Bond Resolution, to enter into the Authority Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Bonds to the Underwriter as provided herein; the Authority has full legal right, power and authority to perform its obligations under the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Authority has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, and laws of the State, and the terms of the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Authority has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement, and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, this Bond Purchase Agreement and the Authority Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Authority Legal Documents. When executed and delivered by their respective parties, the Authority Legal Documents and this Bond Purchase Agreement (assuming

due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriter as provided herein, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of the Authority Legal Documents by the Authority have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Authority is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Authority Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Bond Purchase Agreement and the Authority Legal Documents and compliance with the Authority's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Authority Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Authority's knowledge, threatened against the Authority: (i) in any way affecting the existence of the Authority or in any way challenging the respective powers of the several offices or the titles of the officials of the Authority to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the application of the proceeds of the sale of the Bonds; (iii) in any way contesting or affecting, as to the Authority, the validity or enforceability of the Act, the proceedings authorizing the Bond Resolution, the Bonds, the Authority Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Authority or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Authority Legal Documents or this Bond Purchase Agreement; (v) contesting the exclusion from gross income of interest on the 2015A Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Authority to perform and satisfy its obligations under this Bond Purchase Agreement, the Authority Legal Documents or the Bonds; nor to the best of the Authority's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement or the performance by the Authority of its obligations thereunder, or the authorization, execution, delivery or performance by the Authority of the Bonds, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Authority will not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority or except for the issuance and sale of the Authority's City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Tax-Exempt) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) in the aggregate principal amount of \$_____, and its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) in the aggregate principal amount of \$_____.

(i) The Authority will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; and the Authority will use commercially

reasonable efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriter of receipt by the Authority of any written notification with regard to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(j) The Authority has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Act, the Bond Resolution and the Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2015A Bonds.

(k) The Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption “THE BONDS” and Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — General,” “— The Plan of Refunding” and “PLAN OF REFUNDING”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(l) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12), as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption “UNDERWRITING,” the yield set forth on the inside cover page, all information concerning the book-entry system set forth under the caption “THE BONDS — Book-Entry System” and in Appendix C, and the information set forth in Appendices H-1 and H-2 as to which no representations or warranties are made, and the information in Appendix G which is correct in all material respects (collectively, the “Excluded Information”)).

(m) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the Excluded Information) did not and does not contain any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(n) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) The Authority shall not amend or supplement the Official Statement without the prior written consent of the Underwriter. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriter thereof, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter.

(p) Except as described in the Preliminary Official Statement and the Official Statement, the Authority has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(q) The Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(r) Prior to the Closing Time, the Authority will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Authority.

(s) Upon the delivery of the Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture will not in combination with all outstanding debt obligations of the Authority exceed any limitation imposed by law.

(t) The Authority has complied during the previous five years with all previous undertakings required pursuant to Rule 15c2 12.

(u) Any certificate, signed by any official of the Authority in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

8-A. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents, warrants and agrees with the Underwriter that:

(a) The Successor Agency is a public body corporate and politic, duly organized and existing under the laws of the State, particularly Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State (the "Dissolution Act") and City Council of the City Resolution No. CC 2011-20 adopted on September 22, 2011, and has the power to issue the Local Obligations pursuant to the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture.

(b) The Successor Agency has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Pledged Tax Revenues, to

adopt the Successor Agency Bond Resolution, to enter into the Successor Agency Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Local Obligations to the Authority as provided herein; the Successor Agency has full legal right, power and authority to perform its obligations under the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Refunding Law and the laws of the State, and the terms of the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Successor Agency has duly adopted the Successor Agency Bond Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Local Obligations, this Bond Purchase Agreement and the Successor Agency Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Successor Agency Bond Resolution, and the Successor Agency Legal Documents. When executed and delivered by their respective parties, the Successor Agency Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Local Obligations, when issued, authenticated and delivered in accordance with the Successor Agency Bond Resolution and the Local Obligation Indenture, and sold to the Authority, will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Local Obligation Indenture and the Successor Agency Bond Resolution

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Local Obligations and the execution, delivery of and performance of the Successor Agency Legal Documents by the Successor Agency have been duly obtained.

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or

any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject (including, without limitation, the Successor Agency Bond Resolution and the Successor Agency Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Successor Agency Bond Resolution, the issuance, delivery and sale of the Local Obligations and the execution and delivery of this Bond Purchase Agreement and the Successor Agency Legal Documents and compliance with the Successor Agency's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency or under the terms of any such law, regulation or instruments, except as provided by the Successor Agency Bond Resolution and the Successor Agency Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Successor Agency's knowledge, threatened against the Successor Agency: (i) in any way affecting the existence of the Successor Agency or in any way challenging the respective powers of the several offices or the titles of the officials of the Successor Agency to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Local Obligations, the application of the proceeds of the sale of the Local Obligations, the levy or collection of the Pledged Tax Revenues; (iii) in any way contesting or affecting, as to the Successor Agency, the validity or enforceability of the Act, the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Successor Agency or its authority with respect to issuance or delivery of the Local Obligations, the adoption of the Successor Agency Bond Resolution, or the execution and delivery of the Successor Agency Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to collect the Pledged Tax Revenues; (v) contesting the exclusion from gross income of interest on the 2015A Local Obligations for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Successor Agency to perform and satisfy its obligations under this Bond Purchase Agreement, the Successor Agency Legal Documents or the Local Obligations; nor to the best of the Successor Agency's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement or the performance by the Successor Agency of its obligations thereunder, or the authorization, execution, delivery or

performance by the Successor Agency of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Successor Agency will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Successor Agency or relating to the Project or except its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Tax-Exempt), its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable), its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt), and its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable).

(i) The Successor Agency has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Local Obligations as provided in and subject to all of the terms and provisions of the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2015A Local Obligations.

(j) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has not granted a lien on or made a pledge of the Pledged Tax Revenues or any other funds pledged under the Local Obligation Indenture.

(k) The Successor Agency is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(l) Upon the delivery of the Local Obligations, the aggregate principal amount of Local Obligations authorized to be issued under the Local Obligation Indenture, together with all outstanding Parity Obligations, will not in combination with all outstanding debt obligations of the Successor Agency exceed any limitation imposed by law or by the Local Obligation Indenture.

(m) Any certificate, signed by any official of the Successor Agency connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the statements made therein.

9. Conditions to the Underwriter Obligations. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Authority and the Successor Agency contained herein and upon the documents and instruments

to be delivered at the Closing Time. Accordingly, the Underwriter obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Authority and the Successor Agency contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Authority and the Successor Agency official or officials dated the Closing Date, and the Authority and the Successor Agency shall each be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Bond Resolution, the Authority Legal Documents and the Successor Agency Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority and the Underwriter, (ii) the Authority shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Authority Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time and (iii) the Successor Agency shall perform or have performed all of its obligations required under or specified in the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Authority relating to this Bond Purchase Agreement, the Authority Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Authority, the Act, the Pledged Tax Revenues, or the Bonds as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Successor Agency, the Act, the Pledged Tax Revenues, or the Local Obligations as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(f) At or prior to the Closing Date, the Underwriter shall receive copies of each of the following documents:

(1) A certified copy of Authority Resolution No. PFA 2014-04 adopted on December 11, 2014 authorizing and approving the Authority Indenture and

the issuance of the Bonds, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(2) A certified copy of Authority Resolution No. PFA 2015-[__] adopted on May [__], 2015 approving and authorizing the Preliminary Official Statement, the Official Statement, the Authority Continuing Disclosure Agreement and the Bond Purchase Agreement, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(3) A certified copy of the Successor Agency Resolution No. SA 2014-06 adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary of the Successor Agency Board of Directors to the effect that such Successor Agency Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(4) A certified copy of the Oversight Board for the Successor Agency Resolution No. OB 2014-29 adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary or Clerk of the Oversight Board to the effect that such Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(5) A certified copy of the letter from the State Department of Finance to the Successor Agency dated January 22, 2015 in the form attached to the Preliminary Official Statement and Official Statement as Appendix F.

(6) A certified copy of City Council Resolution No. CC 2011-20 adopted on September 22, 2011 pursuant to which the City Council elected to serve as the Successor Agency, together with a certificate of the City Clerk to the effect that such City Council Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(7) A copy of the Validation Judgment Order in Case No. 34-2014-00173219 of the Superior Court for the County of Sacramento confirming the validity of the Bonds, the Local Obligations, the Indenture and the Local Obligation Indenture together with a copy of the case docket showing no notice of appeal has been filed.

(8) Fully executed copies of each of the Authority Legal Documents.

(9) Fully executed copies of each of the Successor Agency Legal Documents.

(10) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Authority and the Successor Agency by their respective Executive Directors.

(11) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority (“Bond Counsel”), dated the Closing Date, as to the validity of the Bonds, the exclusion of interest on the 2015A Bonds from federal gross income and the exclusion of interest on the Bonds from State income taxation, addressed to the Authority substantially in the form attached as Appendix B to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(12) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Successor Agency, dated the Closing Date, as to the validity of the Local Obligations, the exclusion of interest on the 2015A Local Obligations from federal gross income and the exclusion of interest on the Local Obligations from State income taxation, addressed to the Successor Agency [substantially in the form attached as Appendix B to the Official Statement], and a reliance letter with respect thereto addressed to the Underwriter.

(13) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) the Bond Purchase Agreement, the Commitment Agreement and the Authority Continuing Disclosure Agreement have each been duly executed and delivered by the Authority and each is valid and binding upon the Authority, and enforceable against the Authority, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) the Bond Purchase Agreement, the Commitment Agreement and the Successor Agency Continuing Disclosure Agreement have each been duly executed and delivered by the Successor Agency and each is valid and binding upon the Successor Agency, and enforceable against the Successor Agency, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(iii) the statements contained in the Preliminary Official Statement and in the Official Statement in the sections titled “THE BONDS” (other than the information concerning DTC and the book-entry system), “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “OVERRIDE REVENUES,” “TAX MATTERS” and Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of

the Indentures, the Bonds, the Local Obligations, and the form and content of such counsel's opinion attached as Appendix B to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iv) the Bonds and the Local Obligations are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indentures are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(14) A letter from Norton Rose Fulbright US LLP, Disclosure Counsel, dated the Closing Date and addressed to the Authority, substantially in the form set forth in Exhibit B hereto, and a reliance letter with respect thereto addressed to the Underwriter,

(15) The opinion of Nixon Peabody LLP, Underwriter's Counsel, addressed to the Underwriter, in form and substance acceptable to the Underwriter, covering such items as the Underwriter may request.

(16) The opinion of Burke, Williams & Sorenson, LLP, General Counsel to the Authority, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Authority has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Authority Legal Documents and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Revenues as contemplated by the Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Authority has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Authority has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Authority Legal Documents and the Bonds;

(iii) the Bond Resolution was duly adopted by the Authority Board at a meeting of the Authority Board which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Bond Resolution, the execution and delivery by the Authority of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds and the compliance

with the provisions of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Authority a material breach of or default under any agreement or instrument to which the Authority is a party or by which it is bound;

(v) the Bonds, the Authority Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Authority and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Authority in any court in any way affecting the titles of the officials of the Authority to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority or its authority with respect to the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Authority contained in the Preliminary Official Statement and the Official Statement (excluding from each any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Authority of the Authority Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriter); and

(ix) to our current actual knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement.

(17) The opinion of [_____], General Counsel to the Successor Agency, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Successor Agency has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Successor Agency Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Local Obligations; (d) to pledge the Pledged Tax Revenues as contemplated by the Local Obligation Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Successor Agency has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Successor Agency has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Successor Agency Legal Documents, the Commitment Agreement and the Local Obligations;

(iii) the Successor Agency Bond Resolution was duly adopted at a meeting of the Successor Agency Board which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Successor Agency Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Successor Agency Bond Resolution, the execution and delivery by the Successor Agency of the Bond Purchase Agreement, the Successor Agency Legal Documents and the Local Obligations and the compliance with the provisions of the Bond Purchase Agreement, the Successor Agency Legal Documents and the

Local Obligations do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Successor Agency a material breach of or default under any agreement or instrument to which the Successor Agency is a party or by which it is bound;

(v) the Local Obligations, the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement constitute binding and legal obligations of the Successor Agency and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Successor Agency in any court in any way affecting the titles of the officials of the Successor Agency to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Local Obligations, or the collection of Pledged Tax Revenues pledged or to be pledged to pay the principal of and interest on the Local Obligations, or in any way contesting or affecting the validity or enforceability of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Successor Agency or its authority with respect to the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Successor Agency, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Local Obligations contained in the Preliminary Official Statement and the Official Statement (excluding any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Successor Agency of the

Successor Agency Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the sale of the Local Obligations); and

(ix) to our current actual knowledge, the Successor Agency is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Successor Agency's ability to enter into or perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement.

(18) A certificate, dated the Closing Date and signed by such officials of the Authority as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Authority and the Underwriter; (iii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of the Authority's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(19) A certificate, dated the Closing Date and signed by such officials of the Successor Agency as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Successor Agency contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Successor Agency Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Successor Agency and the Underwriter; (iii) the Successor Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the

Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Successor Agency, whether or not arising in the ordinary course of the Successor Agency's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(20) The audited financial statements of the Successor Agency relating to the receipts, expenditures and cash balances of Pledged Tax Revenues by the Successor Agency as of June 30, 2014, certified by the Successor Agency on the Closing Date as being correct and complete.

(21) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Authority Legal Documents and Successor Agency Legal Documents to which the Trustee is a party.

(22) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Authority Legal Documents and Successor Agency Legal Documents (collectively, the "Legal Documents") to which the Trustee is a party and has duly authenticated and delivered the Bonds and the Local Obligations;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment,

decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the Bonds as provided in the Indenture and the proceeds from the Local Obligations as provided in the Local Obligation Indenture.

(23) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Authority and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is

pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Bonds or the Local Obligations or the Legal Documents to which it is a party.

(24) A certified copy of the Keyser Marston Associates (the “Fiscal Consultant”) Fiscal Consultant Report to the Authority dated [____], 2015 concerning Project No. 2 (the “Authority Fiscal Consultant Report”), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Authority Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Authority Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(25) A certified copy of the Keyser Marston Associates (the “Fiscal Consultant”) Fiscal Consultant Report to the Successor Agency dated [____], 2015 concerning Project No. 2 (the “Successor Agency Fiscal Consultant Report”), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Successor Agency Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Successor Agency Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(26) Executed copies of the Escrow Agreements pertaining to the Refunded Bonds.

(27) Executed copies of the Verification Report(s) of [_____] verifying the arithmetical calculations of the sufficiency of amounts to be deposited under the Escrow Agreements to pay the interest, principal and redemption price of the Refunded Bonds.

(28) An opinion of Bond Counsel, dated the closing date and addressed to the Successor Agency and the Trustee to the effect that upon making the deposits called for in the Escrow Agreements and in reliance on the Verification report the Refunded Bonds will no longer be outstanding under the indentures pursuant to which they were issued.

(29) A certified copy of the Authority’s Amended and Restated Joint Exercise of Powers Agreement dated July 20, 2005 and any amendments thereto (collectively, the “Joint Powers Agreement”).

(30) A copy certified by the Secretary of State of the Notice of Joint Powers Agreement, including any amendments.

(31) A copy of the Override Settlement Agreement between the City and the Successor Agency.

(32) Evidence of required filings with the California Debt and Investment Advisory Commission.

(33) A copy of the Blue Sky Survey with respect to the Bonds.

(34) A Tax Certificate of the Authority with respect to the 2015A Bonds, in form satisfactory to Bond Counsel, signed by such officials of the Authority as shall be satisfactory to the Underwriter.

(35) A Tax Certificate of the Successor Agency with respect to the 2015A Local Obligations, in form satisfactory to Bond Counsel, signed by such officials of the Successor Agency as shall be satisfactory to the Underwriter.

(36) Evidence as of the Closing Date satisfactory to the Underwriter that the Bonds have received a rating of “[____]” from Standard & Poor’s Ratings Services (or such other equivalent rating as Standard & Poor’s Ratings Services shall issue), and that such rating has not been revoked or downgraded.

(37) Two transcripts of all proceedings relating to the authorization and issuance of the Bonds and the Local Obligations, which may be in digital form (or a commitment to so provide).

(38) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Underwriter’s Counsel or Bond Counsel may reasonably request to evidence compliance by the Authority and the Successor Agency with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Authority and the Successor Agency herein contained and of the Official Statement and the due performance or satisfaction by the Authority and the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Successor Agency.

10. Termination.

(a) If the Authority or the Successor Agency shall be unable to satisfy the conditions of the Underwriter’s obligations contained in this Bond Purchase Agreement or if the Underwriter’s obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Authority and the Successor Agency in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Authority and the Successor Agency hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter at its sole discretion.

(b) The Underwriter shall also have the right, prior to the Closing Time, to cancel its obligations to purchase the Bonds, by written notice to the Authority, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriter, makes untrue or incorrect any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(ii) the market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the judgment of the Underwriter, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Authority or upon interest received on obligations of the general character of the 2015A Bonds and the 2015A Local Obligations which, in the reasonable judgment of the Underwriter, is likely to have the purpose or effect, directly or, indirectly, of adversely affecting the tax status of the Authority, its property or income, its securities (including the 2015A Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been passed by either chamber of the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the Bonds or the Local Obligations are not exempt from registration under the 1933 Act, or that the Indentures are not exempt from qualification under the Trust Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national or international emergency or calamity or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Authority; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the Local Obligations, or the issuance, offering or sale of the Bonds or the Local Obligations, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Authority or the Successor Agency, except for changes which the Official Statement disclosures are expected to occur.

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Underwriter, materially and adversely affect the market or market price for the Bonds; or

(iv) an event described in paragraph [(p)] of Section 8 hereof shall have occurred which, in the reasonable professional judgment of the

Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(v) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations, or in any way contesting or affecting any authority for or the levy or collection of the Pledged Tax Revenues, the issuance, sale or delivery of the Bonds or the Local Obligations, the Act, the Bond Resolution, the Successor Agency Bond Resolution, the Authority Legal Documents, the Successor Agency Legal Documents or the existence or powers of the Authority with respect to its obligations under the Authority Legal Documents or the Bonds or the existence or powers of the Successor Agency with respect to its obligations under the Successor Agency Legal Documents or the Local Obligations; or

(vi) there shall have occurred any suspension, withdrawal, downgrading or published negative credit watch or similar published information from a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Authority's senior lien debt obligations, including the Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the Bonds; or

(vii) the Local Obligations fail to be issued and sold to the Authority.

If the Underwriter terminates its obligation to purchase the Bonds because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Underwriter.

11. Conditions to Obligations of the Authority. The performance by the Authority of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority of opinions addressed to it and certificates being delivered at the Closing Time by persons and entities other than the Authority.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) neither the Authority nor the Successor Agency will adopt any amendment of, or supplement to, the Official Statement to which the Underwriter shall object in writing or that shall be disapproved by the Underwriter's Counsel and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of Underwriter's Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Authority and the Successor Agency will forthwith prepare and furnish to the Underwriter an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriter's Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light

of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Series 2015A Bonds, not misleading.

13. Indemnification. The Authority and the Successor Agency (each an “Industry Entities Indemnifying Party”) shall jointly and severally indemnify and hold harmless, to the extent permitted by law, the Underwriter and its respective directors, officers, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Industry Entities Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Industry Entities Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Industry Entities Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement (excluding any information under the caption “UNDERWRITING” or in APPENDIX C — “BOOK ENTRY SYSTEM”) or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Authority and the Successor Agency may otherwise have to any Industry Entities Indemnified Party, provided that in no event shall the Authority and the Successor Agency be obligated for double indemnification.

The Underwriter (an “Underwriter Indemnifying Party”) shall indemnify and hold harmless, to the extent permitted by law, the Authority and the Successor Agency and their respective directors, officers, members, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an “Underwriter Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption “UNDERWRITING,” or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriter may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriter be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means an Industry Entities Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means an Industry Entities Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an

Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Industry Entities or the Underwriter, to the extent permitted by law, the Industry Entities and the Underwriter shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Industry Entities and the Underwriter may be subject) in such proportion so that the Underwriter is responsible for that portion represented by the percentage that the Underwriter's discount set forth in the Official Statement bears to the public offering price appearing thereon and the Industry Entities are jointly and severally responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriter within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriter. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

14. Expenses.

(a) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall be under no obligation to pay and the Authority hereby agrees to pay any expenses incident to the performance of the Authority's and the Successor Agency's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; and (v) any out-of-pocket disbursements of the Authority and the Successor Agency.

(b) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall pay (i) any fees assessed upon the Underwriter with respect to the Bonds by the MSRB or FINRA; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds (excluding any expenses of the Authority and the Successor Agency and their respective employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission; and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Bonds, including the fees and disbursements of Underwriter's Counsel.

(c) As a convenience to the Authority, the Underwriter may, from time to time, make arrangements for certain items and advance certain costs for which the Authority is responsible hereunder, such as entertainment, meals, lodging and travel arrangements for Authority representatives, in connection with the transaction for which the Underwriter will be reimbursed from the Underwriter's discount.

(d) The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

15. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the Authority or the Successor Agency, addressed to:

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

or if to the Underwriter, addressed to:

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 37th Floor
San Francisco, California 94104
Attention: Ralph Holmes

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Authority and the Successor Agency in writing as heretofore specified shall constitute the entire agreement between the Authority and the Successor Agency and the Underwriter and is made solely for the benefit of the Authority and the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the Successor Agency in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery to and payment by the Underwriter for the Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. No Advisory or Fiduciary Role. The Authority and the Successor Agency acknowledge and agree that: (i) the primary role of the Underwriter, is to purchase securities for resale to investors, in an arm's-length commercial transaction between the Authority and the Successor Agency and the Underwriter and that the Underwriter has financial and other interests that differ from those of the Authority and the Successor Agency; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Authority or the Successor Agency and has not assumed any advisory or fiduciary responsibility to the Authority or the Successor Agency with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the Successor Agency on other matters); and (iii) the Authority and the Successor Agency have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent they deem appropriate. If the Authority or the Successor Agency would like a municipal advisor in this transaction that has legal fiduciary duties to the Authority and the Successor Agency, then the Authority and the Successor Agency are free to engage a municipal advisor to serve in that capacity.

[Signature Page Follows]

19. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Managing Director

Accepted and Agreed to:

CITY OF INDUSTRY PUBLIC
FACILITIES

By: _____
Executive Director

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

By: _____
Executive Director

EXHIBIT A
MATURITY SCHEDULE
[TO COME]

EXHIBIT B
FORM OF LETTER FROM DISCLOSURE COUNSEL

[To Come]

\$ _____
City of Industry Public Facilities Authority
Subordinate Tax Allocation
Revenue Refunding Bonds
Series 2015A
(Transportation-Distribution-Industrial
Redevelopment Project No. 2)
(Tax-Exempt)

\$ _____
City of Industry Public Facilities Authority
Subordinate Tax Allocation
Revenue Refunding Bonds
Series 2015B
(Transportation-Distribution-Industrial
Redevelopment Project No. 2)
(Taxable)

BOND PURCHASE AGREEMENT

May [___], 2015

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement with the City of Industry Public Facilities Authority (the “Authority”) and the Successor Agency to the Redevelopment Agency of the City of Industry (the “Successor Agency” and, together with the Authority, the “Industry Entities”), which, upon the Industry Entities’ acceptance hereof, will be binding upon the Industry Entities and the Underwriter. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Industry Entities and the delivery of such acceptance to the Underwriter or its attorney at or prior to 6:00 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Industry Entities at any time prior to the acceptance hereof by the Industry Entities.

1. **Definitions.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Official Statement (as defined below). Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“2015A Bonds” means \$ _____ aggregate principal amount of City of Industry Public Facilities Authority Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt).

“2015B Bonds” means \$_____ aggregate principal amount of City of Industry Public Facilities Authority Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable).

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Authority Bond Resolution” means, collectively, (i) Authority Resolution No. PFA 2014-[4] adopted by the Authority’s Board of Directors on December 11, 2014 which authorized the Authority’s issuance of the Bonds and entry into the Authority Indenture, and (ii) Authority Resolution No. PFA 2015-[_] adopted by the Authority’s Board of Directors on May [___], 2015 which authorized the Authority’s entry into this Bond Purchase Agreement and the Authority Continuing Disclosure Agreement, and the preparation, use and distribution of the Preliminary Official Statement and the Official Statement.

“Authority Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, between the Authority and [_____], as Dissemination Agent.

“Authority Legal Documents” means the Indenture, the Authority Continuing Disclosure Agreement and the Tax Certificate.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584 of the Government Code of the State), as amended from time to time.

“Bond Purchase Agreement” means this Bond Purchase Agreement.

“Bonds” means, collectively, the 2015A Bonds and the 2015B Bonds.

“Business Day” means any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Industry Entities are legally authorized to close.

“City” means the City of Industry, California.

“Closing Date” has the meaning given such term in Section 7 hereof.

“Closing Time” means the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreements” means, collectively, the Authority Continuing Disclosure Agreement and the Successor Agency Continuing Disclosure Agreement.

“End Date” has the meaning set forth in Section 2 hereof.

“Indenture” means the Subordinate Indenture of Trust (Project Area No. 2), dated as of [_____] 1, 2015, between the Authority and U.S. Bank National Association, as Trustee.

“Legal Documents” means, collectively, the Authority Legal Documents and the Successor Agency Legal Documents.

“Local Obligation Indenture” means the Subordinate Indenture of Trust (Project Area No. 2), dated as of [_____] 1, 2015, between the Successor Agency and U.S. Bank National Association, as trustee.

“Local Obligations” means, collectively, the Successor Agency to the Industry Urban-Development Agency Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt), and the Successor Agency to the Industry Urban-Development Agency Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable).

“Official Statement” means the Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Pledged Tax Revenues” means (a) all taxes annually allocated to the Successor Agency with respect to Project Area No. 2 following the date of issuance and delivery of the Local Obligations (the “Delivery Date”) pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code and section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, and including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemption and tax limitations; but excluding all other amounts of such taxes (if any) (i) which are required by law on the Delivery Date to be deposited by the Successor Agency in a housing fund, if any, (ii) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) any amounts payable by the Successor Agency pursuant to sections 33607.5 or 33607.7 of the Health and Safety Code, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds and any parity debt authorized under the Prior 2002 Indenture or Prior 2003 Indenture; and (iv) amounts of such taxes (if any) which are required to be paid to any other public agency under Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code or under agreement between the Successor Agency and such public agency and (b) all taxes distributed by the County of Los Angeles Auditor-Controller from the Redevelopment Property Tax Trust Fund that are received by the Successor Agency, if any, resulting from the levy of an *ad valorem* tax by the City pursuant to voter authorization at a special municipal election on June 20, 1978 that were pledged to the Refunded Bonds.

“Preliminary Official Statement” means the Preliminary Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Refunding Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“State” means the State of California.

“Successor Agency Bond Resolution” means, collectively, the Successor Agency Resolution No. SA 2014-0[6] adopted by the Successor Agency’s Board of Directors on December 11, 2014, as approved by the Oversight Board for the Successor Agency in Resolution No. OB 2014-[29] adopted on December 11, 2014, and the State Department of Finance as evidenced in a letter to the Successor Agency dated January 22, 2015, all of which authorized and approved the Successor Agency’s issuance of the Local Obligations and entry into the Local Obligation Indenture.

“Successor Agency Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Local Obligations, between the Successor Agency and [_____], as Dissemination Agent.

“Successor Agency Legal Documents” means the Local Obligation Indenture, the Successor Agency Continuing Disclosure Agreement [and the Successor Agency Tax Certificate].

“Tax Certificate” means the Tax Certificate of the Authority relating to the 2015A Bonds dated the Closing Date.

2. Use and Preparation of Official Statement; Continuing Disclosure Agreements.
The Authority has heretofore delivered to the Underwriter electronic copies of the Preliminary Official Statement, which the Authority hereby deems final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Authority shall prepare and deliver to the Underwriter, as promptly as practicable, but in no event later than seven (7) Business Days from the date hereof and at least two (2) Business Days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Underwriter, in such form and quantities as the Underwriter may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Authority hereby ratifies, confirms and approves the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement, and hereby authorizes the Underwriter to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the Bonds. The Underwriter agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Authority, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Authority shall deliver sufficient copies of the Official Statement to enable the Underwriter to distribute a single copy to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Authority may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriter.

In any event, the Underwriter shall promptly notify the Authority of the end of the underwriting period.

The Industry Entities will undertake pursuant to the Continuing Disclosure Agreements, to be dated the date of issuance of the Bonds, to provide certain annual financial and operating information and certain event notices. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

3. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority the 2015A Bonds for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[_____] aggregate principal amount of the 2015A Bonds at an aggregate purchase price of \$[_____] (the “Purchase Price”), representing the aggregate principal amount of the 2015A Bonds, plus an original issue premium of \$[_____] , less an underwriter’s discount of \$[_____].

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority the 2015B Bonds for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[_____] aggregate principal amount of the 2015B Bonds at an aggregate purchase price of \$[_____] (the “Purchase Price”), representing the aggregate principal amount of the 2015B Bonds, less an underwriter’s discount of \$[_____].

4. The Bonds and the Local Obligations. The principal amounts, maturity dates, interest rates and prices with respect to the Bonds shall be as described in the Official Statement and in Exhibit A hereto. The principal amounts, maturity dates, interest rates and prices with respect to the Local Obligations shall be as described in Exhibit A hereto.

5. Public Offering of the Bonds. Except as otherwise disclosed and agreed to by the Authority, the Underwriter agrees to make a bona fide public offering of the Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Exhibit A hereto; provided, however, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and to sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Official Statement. A “bona fide public offering” shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

6. Use of Documents. The Industry Entities hereby authorize the Underwriter to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Agreement, the Preliminary Official Statement the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., Pacific time, on [_____] [___], 2015, or at such other time or on such later date as shall have been mutually agreed upon by the Authority and the Underwriter (the “Closing Date”). At the Closing Time, the Authority will deliver or cause to be delivered the Bonds to the Underwriter through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the Authority, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Norton Rose Fulbright US LLP, Los Angeles, California, or at such other place as shall have been mutually agreed upon by the Authority and the Underwriter.

8. Representations, Warranties and Agreements of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City and the Industrial Development Agency of the City of Industry, and under the provisions of the Act, and is authorized pursuant to the Bond Law to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies. The Authority has the power to issue the Bonds pursuant to the Act, the Bond Resolution and the Indenture.

(b) The Authority has full legal right, power and authority under the Constitution and the laws of the State to adopt the Bond Resolution, to enter into the Authority Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Bonds to the Underwriter as provided herein; the Authority has full legal right, power and authority to perform its obligations under the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Authority has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, and laws of the State, and the terms of the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Authority has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement, and the preparation, execution and delivery of the Official Statement, has duly

authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, this Bond Purchase Agreement and the Authority Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Authority Legal Documents. When executed and delivered by their respective parties, the Authority Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriter as provided herein, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of the Authority Legal Documents by the Authority have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Authority is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Authority Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Bond Purchase Agreement and the Authority Legal Documents and compliance with the Authority's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or

compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Authority Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Authority's knowledge, threatened against the Authority: (i) in any way affecting the existence of the Authority or in any way challenging the respective powers of the several offices or the titles of the officials of the Authority to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the application of the proceeds of the sale of the Bonds; (iii) in any way contesting or affecting, as to the Authority, the validity or enforceability of the Act, the proceedings authorizing the Bond Resolution, the Bonds, the Authority Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Authority or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Authority Legal Documents or this Bond Purchase Agreement; (v) contesting the exclusion from gross income of interest on the 2015A Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Authority to perform and satisfy its obligations under this Bond Purchase Agreement, the Authority Legal Documents or the Bonds; nor to the best of the Authority's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement or the performance by the Authority of its obligations thereunder, or the authorization, execution, delivery or performance by the Authority of the Bonds, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Authority will not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority or except for the issuance and sale of the Authority's City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Tax-Exempt) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) in the aggregate principal amount of \$_____, and its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) in the aggregate principal amount of \$_____.

(i) The Authority will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; and the Authority will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriter of receipt by the Authority of any written notification with regard to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(j) The Authority has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Act, the Bond Resolution and the Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2015A Bonds.

(k) The Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption “THE BONDS” and Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — General,” “— The Plan of Refunding” and “PLAN OF REFUNDING”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(l) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12), as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption “UNDERWRITING,” the yield set forth on the inside cover page, all information concerning the book-entry system set forth under the caption “THE BONDS — Book-Entry System” and in Appendix C, and the information set forth in Appendices H-1 and H-2 as to which no representations or warranties are made, and the information in Appendix G which is correct in all material respects (collectively, the “Excluded Information”).

(m) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the Excluded Information) did not and does not contain any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(n) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) The Authority shall not amend or supplement the Official Statement without the prior written consent of the Underwriter. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriter thereof, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter.

(p) Except as described in the Preliminary Official Statement and the Official Statement, the Authority has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(q) The Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(r) Prior to the Closing Time, the Authority will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Authority.

(s) Upon the delivery of the Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture will not in combination with all outstanding debt obligations of the Authority exceed any limitation imposed by law.

(t) The Authority has complied during the previous five years with all previous undertakings required pursuant to Rule 15c2 12.

(u) Any certificate, signed by any official of the Authority in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

8-A. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents, warrants and agrees with the Underwriter that:

(a) The Successor Agency is a public body corporate and politic, duly organized and existing under the laws of the State, particularly Parts 1.8 (commencing with

Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State (the “Dissolution Act”) and City Council of the City Resolution No. CC 2011-20 adopted on September 22, 2011, and has the power to issue the Local Obligations pursuant to the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture.

(b) The Successor Agency has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Pledged Tax Revenues, to adopt the Successor Agency Bond Resolution, to enter into the Successor Agency Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Local Obligations to the Authority as provided herein; the Successor Agency has full legal right, power and authority to perform its obligations under the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Refunding Law and the laws of the State, and the terms of the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Successor Agency has duly adopted the Successor Agency Bond Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Local Obligations, this Bond Purchase Agreement and the Successor Agency Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Successor Agency Bond Resolution, and the Successor Agency Legal Documents. When executed and delivered by their respective parties, the Successor Agency Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Local Obligations, when issued, authenticated and delivered in accordance with the Successor Agency Bond Resolution and the Local Obligation Indenture, and sold to the Authority, will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Local Obligation Indenture and the Successor Agency Bond Resolution

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the

matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Local Obligations and the execution, delivery of and performance of the Successor Agency Legal Documents by the Successor Agency have been duly obtained.

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject (including, without limitation, the Successor Agency Bond Resolution and the Successor Agency Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Successor Agency Bond Resolution, the issuance, delivery and sale of the Local Obligations and the execution and delivery of this Bond Purchase Agreement and the Successor Agency Legal Documents and compliance with the Successor Agency's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency or under the terms of any such law, regulation or instruments, except as provided by the Successor Agency Bond Resolution and the Successor Agency Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Successor Agency's knowledge, threatened against the Successor Agency: (i) in any way affecting the existence of the Successor Agency or in any way challenging the respective powers of the several offices or the titles of the officials of the Successor Agency to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Local Obligations, the application of the proceeds of the sale of the Local Obligations, the levy or collection of the Pledged Tax Revenues; (iii) in any way contesting or affecting, as to the Successor Agency, the validity or enforceability of the Act, the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Successor Agency or its authority with respect to issuance or delivery of the Local Obligations, the adoption of the Successor Agency Bond Resolution, or the execution and delivery of the Successor Agency Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to collect the Pledged Tax Revenues; (v) contesting the exclusion from gross income of interest on the 2015A Local Obligations for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially

adversely affect the ability of the Successor Agency to perform and satisfy its obligations under this Bond Purchase Agreement, the Successor Agency Legal Documents or the Local Obligations; nor to the best of the Successor Agency's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement or the performance by the Successor Agency of its obligations thereunder, or the authorization, execution, delivery or performance by the Successor Agency of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Successor Agency will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Successor Agency or relating to the Project or except its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Tax-Exempt), its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable), its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt), and its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable).

(i) The Successor Agency has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Local Obligations as provided in and subject to all of the terms and provisions of the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2015A Local Obligations.

(j) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has not granted a lien on or made a pledge of the Pledged Tax Revenues or any other funds pledged under the Local Obligation Indenture.

(k) The Successor Agency is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(l) Upon the delivery of the Local Obligations, the aggregate principal amount of Local Obligations authorized to be issued under the Local Obligation Indenture, together with all outstanding Parity Obligations, will not in combination with all outstanding debt obligations of the Successor Agency exceed any limitation imposed by law or by the Local Obligation Indenture.

(m) Any certificate, signed by any official of the Successor Agency connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the statements made therein.

9. Conditions to the Underwriter Obligations. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Authority and the Successor Agency contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriter obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Authority and the Successor Agency contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Authority and the Successor Agency official or officials dated the Closing Date, and the Authority and the Successor Agency shall each be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Bond Resolution, the Authority Legal Documents and the Successor Agency Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority and the Underwriter, (ii) the Authority shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Authority Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time and (iii) the Successor Agency shall perform or have performed all of its obligations required under or specified in the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Authority relating to this Bond Purchase Agreement, the Authority Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Authority, the Act, the Pledged Tax Revenues, or the Bonds as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Successor Agency, the Act, the Pledged Tax Revenues, or the Local Obligations as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable

professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(f) At or prior to the Closing Date, the Underwriter shall receive copies of each of the following documents:

(1) A certified copy of Authority Resolution No. PFA 2014-0[4] adopted on December 11, 2014 authorizing and approving the Authority Indenture and the issuance of the Bonds, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(2) A certified copy of Authority Resolution No. PFA 2015-[__] adopted on May [__], 2015 approving and authorizing the Preliminary Official Statement, the Official Statement, the Authority Continuing Disclosure Agreement and the Bond Purchase Agreement, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(3) A certified copy of the Successor Agency Resolution No. SA 2014-0[6] adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary of the Successor Agency Board of Directors to the effect that such Successor Agency Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(4) A certified copy of the Oversight Board for the Successor Agency Resolution No. OB 2014-[29] adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary or Clerk of the Oversight Board to the effect that such Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(5) A certified copy of the letter from the State Department of Finance to the Successor Agency dated January 22, 2015 in the form attached to the Preliminary Official Statement and Official Statement as Appendix F.

(6) A certified copy of City Council Resolution No. CC 2011-20 adopted on September 22, 2011 pursuant to which the City Council elected to serve as the Successor Agency, together with a certificate of the City Clerk to the effect that such City Council Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(7) A copy of the Validation Judgment Order in Case No. 34-2014-00173219 of the Superior Court for the County of Sacramento confirming the validity of

the Bonds, the Local Obligations, the Indenture and the Local Obligation Indenture together with a copy of the case docket showing no notice of appeal has been filed.

(8) Fully executed copies of each of the Authority Legal Documents.

(9) Fully executed copies of each of the Successor Agency Legal Documents.

(10) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Authority and the Successor Agency by their respective Executive Directors.

(11) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority (“Bond Counsel”), dated the Closing Date, as to the validity of the Bonds, the exclusion of interest on the 2015A Bonds from federal gross income and the exclusion of interest on the Bonds from State income taxation, addressed to the Authority substantially in the form attached as Appendix B to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(12) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Successor Agency, dated the Closing Date, as to the validity of the Local Obligations, the exclusion of interest on the 2015A Local Obligations from federal gross income and the exclusion of interest on the Local Obligations from State income taxation, addressed to the Successor Agency [substantially in the form attached as Appendix B to the Official Statement], and a reliance letter with respect thereto addressed to the Underwriter.

(13) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) the Bond Purchase Agreement, the Commitment Agreement and the Authority Continuing Disclosure Agreement have each been duly executed and delivered by the Authority and each is valid and binding upon the Authority, and enforceable against the Authority, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) the Bond Purchase Agreement, the Commitment Agreement and the Successor Agency Continuing Disclosure Agreement have each been duly executed and delivered by the Successor Agency and each is valid and binding upon the Successor Agency, and enforceable against the Successor Agency, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(iii) the statements contained in the Preliminary Official Statement and in the Official Statement in the sections titled “THE BONDS” (other than the information concerning DTC and the book-entry system), “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “OVERRIDE REVENUES,” “TAX MATTERS” and Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indentures, the Bonds, the Local Obligations, and the form and content of such counsel’s opinion attached as Appendix B to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iv) the Bonds and the Local Obligations are not subject to the registration requirements of the Securities Act of 1933, as amended (the “1933 Act”) and the Indentures are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

(14) A letter from Norton Rose Fulbright US LLP, Disclosure Counsel, dated the Closing Date and addressed to the Authority, substantially in the form set forth in Exhibit B hereto, and a reliance letter with respect thereto addressed to the Underwriter,

(15) The opinion of Nixon Peabody LLP, Underwriter’s Counsel, addressed to the Underwriter, in form and substance acceptable to the Underwriter, covering such items as the Underwriter may request.

(16) The opinion of Burke, Williams & Sorenson, LLP, General Counsel to the Authority, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Authority has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Authority Legal Documents and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Revenues as contemplated by the Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Authority has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Authority has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Authority Legal Documents and the Bonds;

(iii) the Bond Resolution was duly adopted by the Authority Board at a meeting of the Authority Board which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Bond Resolution, the execution and delivery by the Authority of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Authority a material breach of or default under any agreement or instrument to which the Authority is a party or by which it is bound;

(v) the Bonds, the Authority Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Authority and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Authority in any court in any way affecting the titles of the officials of the Authority to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority or its authority with respect to the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Authority contained in the Preliminary Official Statement and the Official Statement (excluding from each any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Authority of the Authority Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriter); and

(ix) to our current actual knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement.

(17) The opinion of [_____], General Counsel to the Successor Agency, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Successor Agency has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Successor Agency Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Local Obligations; (d) to pledge the Pledged Tax Revenues as contemplated by the Local Obligation Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Successor Agency has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Successor Agency has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Successor Agency Legal Documents, the Commitment Agreement and the Local Obligations;

(iii) the Successor Agency Bond Resolution was duly adopted at a meeting of the Successor Agency Board which was called and held pursuant

to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Successor Agency Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Successor Agency Bond Resolution, the execution and delivery by the Successor Agency of the Bond Purchase Agreement, the Successor Agency Legal Documents and the Local Obligations and the compliance with the provisions of the Bond Purchase Agreement, the Successor Agency Legal Documents and the Local Obligations do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Successor Agency a material breach of or default under any agreement or instrument to which the Successor Agency is a party or by which it is bound;

(v) the Local Obligations, the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement constitute binding and legal obligations of the Successor Agency and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Successor Agency in any court in any way affecting the titles of the officials of the Successor Agency to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Local Obligations, or the collection of Pledged Tax Revenues pledged or to be pledged to pay the principal of and interest on the Local Obligations, or in any way contesting or affecting the validity or enforceability of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Successor Agency or its authority with respect to the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Successor Agency, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Local Obligations contained in the Preliminary Official Statement and the Official Statement (excluding any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the

Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Successor Agency of the Successor Agency Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the sale of the Local Obligations); and

(ix) to our current actual knowledge, the Successor Agency is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Successor Agency's ability to enter into or perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement.

(18) A certificate, dated the Closing Date and signed by such officials of the Authority as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Authority and the Underwriter; (iii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of the Authority's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(19) A certificate, dated the Closing Date and signed by such officials of the Successor Agency as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Successor Agency contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Successor Agency Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Successor Agency and the Underwriter; (iii) the Successor Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Successor Agency, whether or not arising in the ordinary course of the Successor Agency's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(20) The audited financial statements of the Successor Agency relating to the receipts, expenditures and cash balances of Pledged Tax Revenues by the Successor Agency as of June 30, 2014, certified by the Successor Agency on the Closing Date as being correct and complete.

(21) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Authority Legal Documents and Successor Agency Legal Documents to which the Trustee is a party.

(22) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Authority Legal Documents and Successor Agency Legal Documents (collectively, the "Legal Documents") to which the Trustee is a party and has duly authenticated and delivered the Bonds and the Local Obligations;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default

under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the Bonds as provided in the Indenture and the proceeds from the Local Obligations as provided in the Local Obligation Indenture.

(23) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Authority and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling,

agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Bonds or the Local Obligations or the Legal Documents to which it is a party.

(24) A certified copy of the Keyser Marston Associates (the “Fiscal Consultant”) Fiscal Consultant Report to the Authority dated [____], 2015 concerning Project No. 2 (the “Authority Fiscal Consultant Report”), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Authority Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Authority Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(25) A certified copy of the Keyser Marston Associates (the “Fiscal Consultant”) Fiscal Consultant Report to the Successor Agency dated [____], 2015 concerning Project No. 2 (the “Successor Agency Fiscal Consultant Report”), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Successor Agency Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Successor Agency Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(26) Executed copies of the Escrow Agreements pertaining to the Refunded Bonds.

(27) Executed copies of the Verification Report(s) of [_____] verifying the arithmetical calculations of the sufficiency of amounts to be deposited under the Escrow Agreements to pay the interest, principal and redemption price of the Refunded Bonds.

(28) An opinion of Bond Counsel, dated the closing date and addressed to the Successor Agency and the Trustee to the effect that upon making the deposits called for in the Escrow Agreements and in reliance on the Verification report the Refunded Bonds will no longer be outstanding under the indentures pursuant to which they were issued.

(29) A certified copy of the Authority's Amended and Restated Joint Exercise of Powers Agreement dated July 20, 2005 and any amendments thereto (collectively, the "Joint Powers Agreement").

(30) A copy certified by the Secretary of State of the Notice of Joint Powers Agreement, including any amendments.

(31) A copy of the Override Settlement Agreement between the City and the Successor Agency.

(32) Evidence of required filings with the California Debt and Investment Advisory Commission.

(33) A copy of the Blue Sky Survey with respect to the Bonds.

(34) A Tax Certificate of the Authority with respect to the 2015A Bonds, in form satisfactory to Bond Counsel, signed by such officials of the Authority as shall be satisfactory to the Underwriter.

(35) A Tax Certificate of the Successor Agency with respect to the 2015A Local Obligations, in form satisfactory to Bond Counsel, signed by such officials of the Successor Agency as shall be satisfactory to the Underwriter.

(36) Evidence as of the Closing Date satisfactory to the Underwriter that the Bonds have received a rating of "[____]" from Standard & Poor's Ratings Services (or such other equivalent rating as Standard & Poor's Ratings Services shall issue), and that such rating has not been revoked or downgraded.

(37) Two transcripts of all proceedings relating to the authorization and issuance of the Bonds and the Local Obligations, which may be in digital form (or a commitment to so provide).

(38) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the Authority and the Successor Agency with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Authority and the Successor Agency herein contained and of the Official Statement and the due performance or satisfaction by the Authority and the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Successor Agency.

10. Termination.

(a) If the Authority or the Successor Agency shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Bond Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Authority and

the Successor Agency in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Authority and the Successor Agency hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter at its sole discretion.

(b) The Underwriter shall also have the right, prior to the Closing Time, to cancel its obligations to purchase the Bonds, by written notice to the Authority, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriter, makes untrue or incorrect any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(ii) the market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the judgment of the Underwriter, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or

other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Authority or upon interest received on obligations of the general character of the 2015A Bonds and the 2015A Local Obligations which, in the reasonable judgment of the Underwriter, is likely to have the purpose or effect, directly or, indirectly, of adversely affecting the tax status of the Authority, its property or income, its securities (including the 2015A Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been passed by either chamber of the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the Bonds or the Local Obligations are not exempt from registration under the 1933 Act, or that the Indentures are not exempt from qualification under the Trust Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national or international emergency or calamity or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Authority; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the Local Obligations, or the issuance, offering or sale of the Bonds or the Local Obligations, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Authority or the Successor Agency, except for changes which the Official Statement disclosures are expected to occur.

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Underwriter, materially and adversely affect the market or market price for the Bonds; or

(iv) an event described in paragraph [(p)] of Section 8 hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(v) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations, or in any way contesting or affecting any authority for or the levy or collection of the Pledged Tax Revenues, the issuance, sale or delivery of the Bonds or the Local Obligations, the Act, the Bond Resolution, the Successor Agency Bond Resolution, the Authority Legal Documents, the Successor Agency Legal Documents or the existence or powers of the Authority with respect to its obligations under the Authority Legal Documents or the Bonds or the existence or powers of the Successor Agency with respect to its obligations under the Successor Agency Legal Documents or the Local Obligations; or

(vi) there shall have occurred any suspension, withdrawal, downgrading or published negative credit watch or similar published information from a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Authority's senior lien debt obligations, including the Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the Bonds; or

(vii) the Local Obligations fail to be issued and sold to the Authority.

If the Underwriter terminates its obligation to purchase the Bonds because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Underwriter.

11. Conditions to Obligations of the Authority. The performance by the Authority of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority of opinions addressed to it and certificates being delivered at the Closing Time by persons and entities other than the Authority.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) neither the Authority nor the Successor Agency will adopt any

amendment of, or supplement to, the Official Statement to which the Underwriter shall object in writing or that shall be disapproved by the Underwriter's Counsel and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of Underwriter's Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Authority and the Successor Agency will forthwith prepare and furnish to the Underwriter an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriter's Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Series 2015A Bonds, not misleading.

13. Indemnification. The Authority and the Successor Agency (each an "Industry Entities Indemnifying Party") shall jointly and severally indemnify and hold harmless, to the extent permitted by law, the Underwriter and its respective directors, officers, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Industry Entities Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Industry Entities Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Industry Entities Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement (excluding any information under the caption "UNDERWRITING" or in APPENDIX C — "BOOK ENTRY SYSTEM") or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Authority and the Successor Agency may otherwise have to any Industry Entities Indemnified Party, provided that in no event shall the Authority and the Successor Agency be obligated for double indemnification.

The Underwriter (an "Underwriter Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Authority and the Successor Agency and their respective directors, officers, members, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Underwriter Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption "UNDERWRITING," or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading.

This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriter may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriter be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means an Industry Entities Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means an Industry Entities Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Industry Entities or the Underwriter, to the extent permitted by law, the Industry Entities and the Underwriter shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Industry Entities and the Underwriter may be subject) in such proportion so that the Underwriter is responsible for that portion represented by the percentage that the Underwriter’s discount set forth in the Official Statement bears to the public offering price appearing thereon and the Industry Entities are jointly and severally responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be

entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriter within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriter. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

14. Expenses.

(a) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall be under no obligation to pay and the Authority hereby agrees to pay any expenses incident to the performance of the Authority's and the Successor Agency's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; and (v) any out-of-pocket disbursements of the Authority and the Successor Agency.

(b) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall pay (i) any fees assessed upon the Underwriter with respect to the Bonds by the MSRB or FINRA; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds (excluding any expenses of the Authority and the Successor Agency and their respective employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission; and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Bonds, including the fees and disbursements of Underwriter's Counsel.

(c) As a convenience to the Authority, the Underwriter may, from time to time, make arrangements for certain items and advance certain costs for which the Authority is responsible hereunder, such as entertainment, meals, lodging and travel arrangements for Authority representatives, in connection with the transaction for which the Underwriter will be reimbursed from the Underwriter's discount.

(d) The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

15. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof)

may be given by delivering the same in writing, if to the Authority or the Successor Agency, addressed to:

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

or if to the Underwriter, addressed to:

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 37th Floor
San Francisco, California 94104
Attention: Ralph Holmes

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Authority and the Successor Agency in writing as heretofore specified shall constitute the entire agreement between the Authority and the Successor Agency and the Underwriter and is made solely for the benefit of the Authority and the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the Successor Agency in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery to and payment by the Underwriter for the Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. No Advisory or Fiduciary Role. The Authority and the Successor Agency acknowledge and agree that: (i) the primary role of the Underwriter, is to purchase securities for resale to investors, in an arm's-length commercial transaction between the Authority and the Successor Agency and the Underwriter and that the Underwriter has financial and other interests that differ from those of the Authority and the Successor Agency; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Authority or the Successor Agency and has not assumed any advisory or fiduciary responsibility to the Authority or the Successor Agency with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the Successor Agency on other matters); and (iii) the Authority and the Successor Agency have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the

extent they deem appropriate. If the Authority or the Successor Agency would like a municipal advisor in this transaction that has legal fiduciary duties to the Authority and the Successor Agency, then the Authority and the Successor Agency are free to engage a municipal advisor to serve in that capacity.

[Signature Page Follows]

19. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Managing Director

Accepted and Agreed to:

CITY OF INDUSTRY PUBLIC
FACILITIES

By: _____
Executive Director

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

By: _____
Executive Director

EXHIBIT A
MATURITY SCHEDULE
[TO COME]

EXHIBIT B
FORM OF LETTER FROM DISCLOSURE COUNSEL

[To Come]

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE—BOOK-ENTRY

**S&P: “__”
See “Rating” herein.**

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the 2015A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. The Successor Agency has taken no action to cause, and does not intend, interest on the 2015B Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purpose. See “TAX MATTERS” herein.

\$ _____^{*}
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015A
(Transportation-Distribution-Industrial
Redevelopment Project No. 3)
(Tax-Exempt)

\$ _____^{*}
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015B
(Transportation-Distribution-Industrial
Redevelopment Project No. 3)
(Taxable)

Dated: Delivery Date

The \$ _____^{*} City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) (the “2015A Bonds”) are being issued by the City of Industry Public Facilities Authority (the “Authority”) to (i) pay the costs of acquiring the 2015A Local Obligations from the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”) to provide proceeds to the Successor Agency to refund and defease certain outstanding Project Area No. 3 tax allocation bonds (as described herein), currently outstanding in the aggregate principal amount of \$ _____, (ii) fund a reserve for the 2015A Bonds, and (iii) pay the costs of issuance of the 2015A Bonds. The \$ _____^{*} City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) (the “2015B Bonds”) and, together with the 2015A Bonds, the “Bonds”) are being issued by the Authority to (i) pay the costs of acquiring the 2015B Local Obligations from the Successor Agency to provide proceeds to the Successor Agency to refund and defease certain outstanding Project Area No. 3 tax allocation bonds (as described herein), currently outstanding in the aggregate principal amount of \$ _____, (ii) fund a reserve for the 2015B Bonds and (iii) pay the costs of issuance of the 2015B Bonds.

Due: November 1, as shown on the inside cover

The Bonds will be issued pursuant to an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and among the Authority, the City of Industry, California (the “City”) and U.S. Bank National Association, as trustee (the “Trustee”). Interest on the Bonds is payable on May 1 and November 1 of each year, commencing _____ 1, 20___. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, and will be available to ultimate purchasers (“Beneficial Owners”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. See “THE BONDS—Book-Entry System” herein.

The Bonds are subject to [optional, special mandatory and mandatory sinking fund] redemption prior to maturity as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Neither the faith and credit nor 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 pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed on for the Authority by Norton Rose Fulbright US LLP as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Nixon Peabody LLP, Los Angeles, California, Underwriter’s Counsel. It is anticipated that the Bonds will be available for delivery through the book-entry facilities of DTC in New York, New York, on or about _____, 2015.

[INSERT STIFEL LOGO]

Dated: _____, 2015.

^{*} Preliminary, subject to change.
54002684.3

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULES

\$ _____*
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015A
(Transportation-Distribution-Industrial Redevelopment Project No. 3)
(Tax-Exempt)

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>(Base _____)</u>
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\$ _____ – ____% Term Bond due November 1, 20__ – Yield – ____%, Price ____% – CUSIP _____[†]

\$ _____
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series 2015B
(Transportation-Distribution-Industrial Redevelopment Project No. 3)
(Taxable)

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>(Base _____)</u>
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\$ _____ – ____% Term Bond due November 1, 20__ – Yield – ____%, Price ____% – CUSIP _____[†]

* Preliminary; subject to change.

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of investors. None of the Authority, the Successor Agency, the Underwriter, the Financial Advisor or the Fiscal Consultant, are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

BOARD OF DIRECTORS

Tim Spohn, *Chairman*
Jeff Parriott, *Vice Chairman*
John P. Ferrero, *Director*
Roy Haber III, *Director*
Pat Marcellin, *Director*

AUTHORITY/CITY EXECUTIVE OFFICERS

Kevin Radecki, *Executive Director/City Manager*
Phyllis Tucker, *Treasurer*
Cecelia Dunlap, *Deputy Secretary/Deputy City Clerk*

SPECIAL SERVICES

Bond and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Successor Agency Counsel

Richards, Watson & Gershon
a Professional Corporation
Los Angeles, California

Authority Counsel

Burk, Williams & Sorensen, LLP
Los Angeles, California

Financial Advisor

NHA Advisors
San Rafael, California

Fiscal Consultant

Keyser Marston Associates, Inc.
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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The information set forth herein has been obtained from the Authority and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions.

No dealer, broker, salesperson or any other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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 Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the Successor Agency or in any other information contained herein, since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ABOVE, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (“EMMA”) website.

The City maintains a website. No information on such website is incorporated herein by reference.

FORWARD-LOOKING STATEMENTS

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,” “project,” “expect,” “anticipate,” “intend,” “believe,” “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 that 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. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

OFFICIAL STATEMENT

\$ _____*
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series
2015A
(Transportation-Distribution-Industrial
Redevelopment Project No. 3)
(Tax-Exempt)

\$ _____*
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds, Series
2015B
(Transportation-Distribution-Industrial
Redevelopment Project No. 3)
(Taxable)

INTRODUCTION

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale by the City of Industry Public Facilities Authority (the “Authority”) of the Bonds (as defined below). This Introduction is not a summary of this Official Statement, and is qualified by more complete and detailed information contained in the entire Official Statement. A full review should be made of the entire Official Statement, including the cover page and attached appendices. The offering of Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined herein can be found in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

General

The \$ _____* City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) (the “2015A Bonds”) are being issued by the Authority to (i) pay the costs of acquiring the 2015A Local Obligations (defined below) from the Successor Agency (defined below) to provide proceeds to the Successor Agency to refund and defease all of the \$17,455,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2002 Tax Allocation Refunding Bonds (the “2002 Bonds”), currently outstanding in the aggregate principal amount of \$ _____, (ii) fund a reserve for the 2015A Bonds; and (iii) pay the costs of issuance of the 2015A Bonds.

The \$ _____* City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) (the “2015B Bonds”) by the Authority to (i) pay the costs of acquiring the 2015B Local Obligations (defined below) to provide proceeds to the Successor Agency to refund and defease all of the \$44,585,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2003 Tax Allocation Bonds (Taxable), \$9,726,529.88 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2003 Subordinate Lien Tax Allocation Refunding Bonds and \$5,120,288.60 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2008 Subordinate Lien Tax Allocation Refunding Bonds (collectively with the 2002 Bonds, the “Refunded Bonds”), currently outstanding in the aggregate principal amount of \$ _____; (ii) fund a reserve for the 2015B Bonds; and (iii) pay the costs of issuance of the 2015B Bonds.

The Bonds will be secured by and issued under an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and among the Authority, the City of Industry, California (the “City”) and U.S.

* Preliminary, subject to change.
54002684.3

Bank National Association, as trustee (the “Trustee”). The “2015A Local Obligations” mean \$_____ aggregate principal amount of Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt). The “2015B Local Obligations” mean \$_____ aggregate principal amount of Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable). The 2015A Local Obligations and the 2015B Local Obligations are collectively referred to herein as the “Local Obligations.” The Local Obligations will be secured by and issued under an Indenture, dated as of June 1, 2015 (the “Local Obligations Indenture”), by and between the Successor Agency to the Industry Urban-Development Agency (the “Successor Agency”) and U.S. Bank National Association, as trustee thereunder. See “INTRODUCTION – Security for the Bonds” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Authority for Issuance of Bonds

The Bonds and the Indenture were authorized by the Authority pursuant to Resolution No. PFA 2014-05 adopted on December 11, 2014 (the “Authority Resolution”). The Bonds are being issued pursuant to the Indenture, the Constitution and laws of the State of California (the “State”), including the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

Authority for Issuance of Local Obligations

The Local Obligations and the Local Obligations Indenture were authorized by the Successor Agency pursuant to Resolution No. SA 2014-07 adopted on December 11, 2014 (the “Successor Agency Resolution”) and by the Oversight Board for the Successor Agency pursuant to Resolution No. OB 2014-30 adopted on December 11, 2014 (the “Oversight Board Resolution”). On January 22, 2015, the State Department of Finance provided a letter to the Successor Agency stating that based on the State Department of Finance’s review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the State Department of Finance. See “APPENDIX G – STATE DEPARTMENT OF FINANCE APPROVAL LETTER.”

The Local Obligations are being issued pursuant to the Local Obligations Indenture, Constitution and laws of the State, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Bond Law”), the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “Redevelopment Law”), and the Dissolution Act (as defined herein).

The Authority

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City of Industry, California (the “City”) and the Industrial Development Agency of the City of Industry, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing and refinancing the acquisition and construction of public capital improvements on behalf of its members.

The City

The City is located in the San Gabriel Valley area of the County of Los Angeles, California (the “County”), approximately twenty miles from downtown Los Angeles. The City covers approximately 12.5 square miles and has an estimated population of approximately 400 people. Since its incorporation in 1957, the City has developed primarily for the purpose of manufacturing, distribution and related industrial and commercial activities. The City is zoned 92% industrial and 8% commercial. The City is a charter city. See “APPENDIX G – SUPPLEMENTAL INFORMATION – City of Industry.”

The Successor Agency

The Predecessor Agency was established in 1971. In 1971, through the Industry Urban-Development Agency (the “Predecessor Agency”), the City undertook the improvement of the City by forming the first redevelopment project area. There are four project areas established in the City: the Civic-Recreational-Industrial Redevelopment Project No. 1 (“Project Area No. 1”), the Transportation–Distribution–Industrial Redevelopment Project No. 2, the Transportation-Distribution-Industrial Redevelopment Project No. 3 (“Project Area No. 3”) and the Civic-Recreational-Industrial Redevelopment Project No. 4 (“Project Area No. 4”). Project Area No. 1, Project Area No. 2, Project Area No. 3 and Project Area No. 4 are collectively known herein as the “Project Areas.” The Predecessor Agency issued tax allocation bonds in each of the Project Areas, except Project Area No. 4.

On September 22, 2011, pursuant to Resolution No. CC 2011-20 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Predecessor Agency. Subdivision (g) of Section 34173 of the Dissolution Act (defined below), added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City. See “SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY.”

The Dissolution Act

On June 29, 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the “Dissolution Act”).

The Plan of Refunding

The Authority is assisting the Successor Agency in refunding all of the Successor Agency's outstanding Project Area No. 1, Project Area No. 2 and Project Area No. 3 tax allocation bonds. Refunding bonds for Project Area No. 1 and Project Area No. 2 will be issued concurrently by the Authority with the issuance and delivery of the Bonds. The Bonds will be secured, in part, by surplus tax revenues and other available amounts, if any, from Project Area No. 1 and Project Area No. 2. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The plan of refunding for the Refunded Bonds in particular is described under the caption "PLAN OF REFUNDING." See also, "ESTIMATED SOURCES AND USES OF FUNDS."

Security for the Bonds

The Bonds are secured by and payable from three sources, in the following order of priority. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." First, the Bonds are secured by and payable from all amounts derived from the Local Obligations. The Local Obligations are secured by and payable from Pledged Tax Revenue from Project Area No. 3, as further described herein (see, in particular, "THE PROJECT AREA" and "APPENDIX H-2 – FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT"). Second, the Bonds are secured by and payable from investment income with respect to the funds and accounts established under the Indenture (other than the Rebate Fund). Third, the Bonds are secured by and payable from amounts transferred to the Authority pursuant to a settlement and compromise with the City with respect to certain override revenues, as further described herein (see, in particular, "OVERRIDE REVENUES" and "APPENDIX H-1 – FISCAL CONSULTANT'S AUTHORITY REPORT").

Limited Obligations

Neither the faith and credit nor the taxing power of the City, the County of Los Angeles (the "County"), the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

Reserve Funds

To secure the payment of the principal of and interest on the 2015A Bonds, the 2015A Reserve Fund will be established in the Indenture, in an amount equal to the initial 2015A Reserve Requirement. "Reserve Requirement" means, as of each date of calculation, (i) with respect to the 2015A Bonds, an amount equal to the least of (i) Maximum Annual Debt Service on all Outstanding 2015A Bonds, (ii) 10% of the initial offering price to the public of such 2015A Bonds as determined under the Code, or (iii) 125% of the average Annual Debt Service as of the date of issuance of the 2015A Bonds.

To secure the payment of the principal of and interest on the 2015B Bonds, the 2015B Reserve Fund will be established in the Indenture, in an amount equal to the initial 2015B Reserve Requirement.

“2015B Reserve Requirement” means, _____. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Funds.”

Judicial Validation Proceedings

On December 23, 2014, pursuant to authorization contained in Section 34177.5(d) of the Dissolution Act and State law, the Successor Agency, the Authority and the City filed their Complaint (Case No. 34-2014-00173219) initiating proceedings to confirm the validity of the Bonds, the Local Obligations, the Indenture and the Local Obligation Indenture and other matters relating thereto and the proceedings for the issuance of the Bonds and the Local Obligations. On _____, 2015, the Superior Court, County of Sacramento, entered a default judgment (the “Validation Judgment”), that became final on _____, 2015. The appeal period for the Validation Judgment concluded on _____, 2015. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Judicial Validation Proceedings.”

Further Information

Descriptions of the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Local Obligations, the Local Obligations Indenture, Override Settlement Revenues, the Authority, the Successor Agency, the Predecessor Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references thereto are qualified in their entirety by reference to such documents and laws. All documents are available from the City Clerk’s office, City of Industry, 15625 East Stafford Street, Suite 100, City of Industry, California 91774.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds, together with other available funds, will be deposited into separate escrow funds (collectively, the “Escrow Funds”) held under separate escrow agreements (collectively, the “Escrow Agreements”), each by and between the Successor Agency and an escrow agent named therein (each, an “Escrow Agent”), and applied on the respective Redemption Dates for the purpose of redeeming and defeasing all of the outstanding Refunded Bonds. The Successor Agency will cause each Escrow Fund deposit to be invested in defeasance securities (as defined in the respective indentures of trust for the Refunded Bonds) (the “Defeasance Securities”) and/or uninvested in cash. The Defeasance Securities will be scheduled to mature in such amounts and at such times and will pay principal and interest at such rates as to provide amounts sufficient to pay, together with other available funds, the principal of and interest on the Refunded Bonds on the applicable Redemption Date at a redemption price equal to the principal amount thereof, without premium. The amounts deposited in the Escrow Funds will be held in trust solely for the Refunded Bonds and will not be available to pay the principal of or interest on the Bonds or any obligations other than the Refunded Bonds.

Grant Thornton LLP (the “Verification Agent”), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it, relating to the sufficiency of moneys deposited into each Escrow Fund to pay the principal, interest and redemption premium of the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL ACCURACY.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized as follows.

	<u>2015A Bonds</u>	<u>2015B Bonds</u>	<u>Total</u>
Sources:			
Principal Amount of Bonds	\$	\$	\$
Net [Premium/Discount]			
Available Funds from Refunded Bonds			
Total Sources	\$	\$	\$
Uses:			
Escrow Fund	\$	\$	\$
Reserve Fund ⁽¹⁾			
Costs of Issuance Fund ⁽²⁾			
Total Uses	\$	\$	\$

⁽¹⁾ An amount equal to the applicable Reserve Requirement.

⁽²⁾ Costs of Issuance include Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Fiscal Consultant, Verification Agent, Trustee, printing expenses, rating fee and other costs related to the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service requirements on the Bonds.

Bond Year	<u>2015A Bonds</u>			<u>2015B Bonds</u>			Total Annual Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
Total							

THE BONDS

General

The Bonds will be issued and delivered as one fully-registered Bond in the denomination of \$5,000 or any integral multiple thereof (an “Authorized Denomination”) for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, as registered owner of all Bonds. See “THE BONDS – Book-Entry System.”

The Bonds will be dated the date of their delivery (the “Delivery Date”) and mature on November 1 in the years and in the amounts shown on the inside cover page of this Official Statement. Interest on the Bonds will be calculated at the rates shown on the inside cover page of this Official Statement, payable on May 1 and November 1 in each year, commencing on _____ 1, 20__ (each an “Interest Payment Date”), by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months. “Record Date” the fifteenth (15th) day of the month (whether or not such day is a Business Day) preceding each Interest Payment Date.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX C – BOOK-ENTRY SYSTEM.”

Redemption*

Optional Redemption of 2015A Bonds. The 2015A Bonds maturing on or before November 1, 20__ are not subject to redemption prior to maturity. The 2015A Bonds maturing after November 1, 20__ are subject to redemption prior to maturity in whole, or in part in the manner determined by the Authority on any date on or after November 1, 20__, from any available source of funds, at 100% of the principal amount of the 2015A Bonds to be redeemed, together with accrued interest thereon to the redemption date.

Optional Redemption of 2015B Bonds. The 2015B Bonds maturing on or before November 1, 20__ are not subject to redemption prior to maturity. The 2015B Bonds maturing after November 1, 20__ are subject to redemption prior to maturity in whole, or in part in the manner determined by the Authority on any date on or after November 1, 20__, from any available source of funds, at 100% of the principal amount of the 2015B Bonds to be redeemed, together with accrued interest thereon to the redemption date.

* Preliminary; subject to change.
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Sinking Account Redemption of 2015A Bonds. The 2015A Bonds maturing on November 1, 20__ are subject to redemption in part by lot on November 1, 20__ in each year shown below until maturity, from sinking account payments made by the Authority, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2015A Bonds have been redeemed the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of 2015A Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Authority (notice of which determination will be given by the Authority to the Trustee)::

2015A Bonds Sinking Account Redemption Date	Principal Amount to be Redeemed
--	------------------------------------

(maturity)

Sinking Account Redemption of 2015B Bonds. The 2015B Bonds maturing on November 1, 20__ are subject to redemption in part by lot on November 1 in each year shown below until maturity, from sinking account payments made by the Authority, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2015B Bonds have been redeemed the total amount of all future sinking account payments will be reduced by an amount corresponding to the aggregate principal amount of 2015B Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Authority (notice of which determination will be given by the Authority to the Trustee):

2015B Bonds Sinking Account Redemption Date	Principal Amount to be Redeemed
--	------------------------------------

(maturity)

Special Mandatory Redemption. The Bonds shall be subject to special mandatory redemption prior to their respective maturity dates as a whole or in part on November 1 of any year that Local Obligations are redeemed pursuant to an extraordinary mandatory redemption under the Local Obligations Indenture. The redemption price payable on Bonds called pursuant to this paragraph shall equal one hundred percent (100%) of the principal amount of such Bonds, plus unpaid accrued interest to the date fixed for redemption, without premium.

Selection of Bonds of a Maturity for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected.

Partial Redemption of Bonds. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond so selected.

Notice of Redemption. The Authority shall be required to give the Trustee written notice of its intention to redeem Bonds pursuant to the optional redemption provisions of the Indenture at least 30 days prior to the date fixed for such redemption. The Trustee on behalf of and at the expense of the Authority will mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Authority filed with the Trustee at the time the Authority notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Any notice given pursuant to this paragraph may be rescinded by written notice given to the Trustee by the Authority and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to this Section, but in no event later than the date set for redemption.

No Additional Bonds Other than Refunding Bonds

Other than for the purpose of refunding the Bonds, no additional Bonds or bonds secured by the same Revenues as the Bonds shall be issued under the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Background

Prior to the enactment of Dissolution Act, the Redevelopment 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 receiving property taxes thereafter received only 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 of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations, including the Refunded Bonds.

The Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Predecessor Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions."

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan (as defined herein), taxes levied upon taxable property in Project Area No. 3 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 the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 3, 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 Project Area No. 3 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 Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to Project Area No. 3, 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

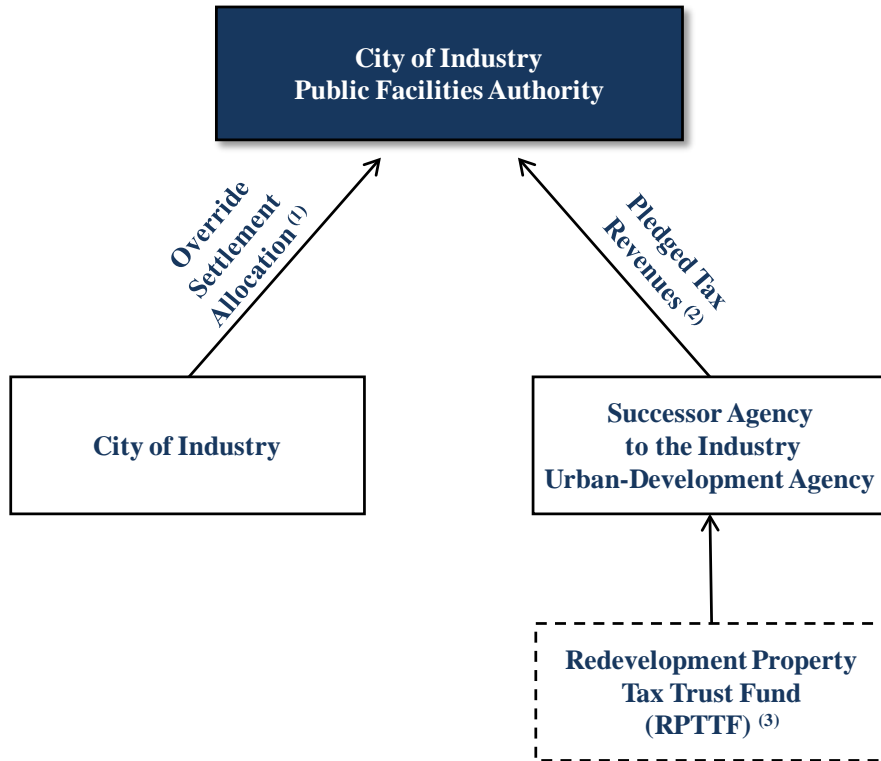
(b) To the Predecessor Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal 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 shall be allocated to, and when collected shall 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 Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Predecessor Agency or the Successor Agency to finance or refinance the redevelopment projects of the Predecessor Agency.

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 Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

Summary of Receipt of Revenues and Flow of Funds

The following graphics sets forth a summary of the receipt of revenues and the flow of funds under the Dissolution Act, the Local Obligations Indenture and the Indenture for the security for and the payment of the Local Obligations and the Bonds, respectfully, and is intended for general reference only. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision with respect to the Bonds. Descriptions herein of the Bonds, the Local Obligations, the Indenture and the Local Obligations Indenture do not purport to be comprehensive or definitive. All descriptions in this Official Statement to such documents are qualified in their entirety by reference to such documents.

Receipt of Revenues



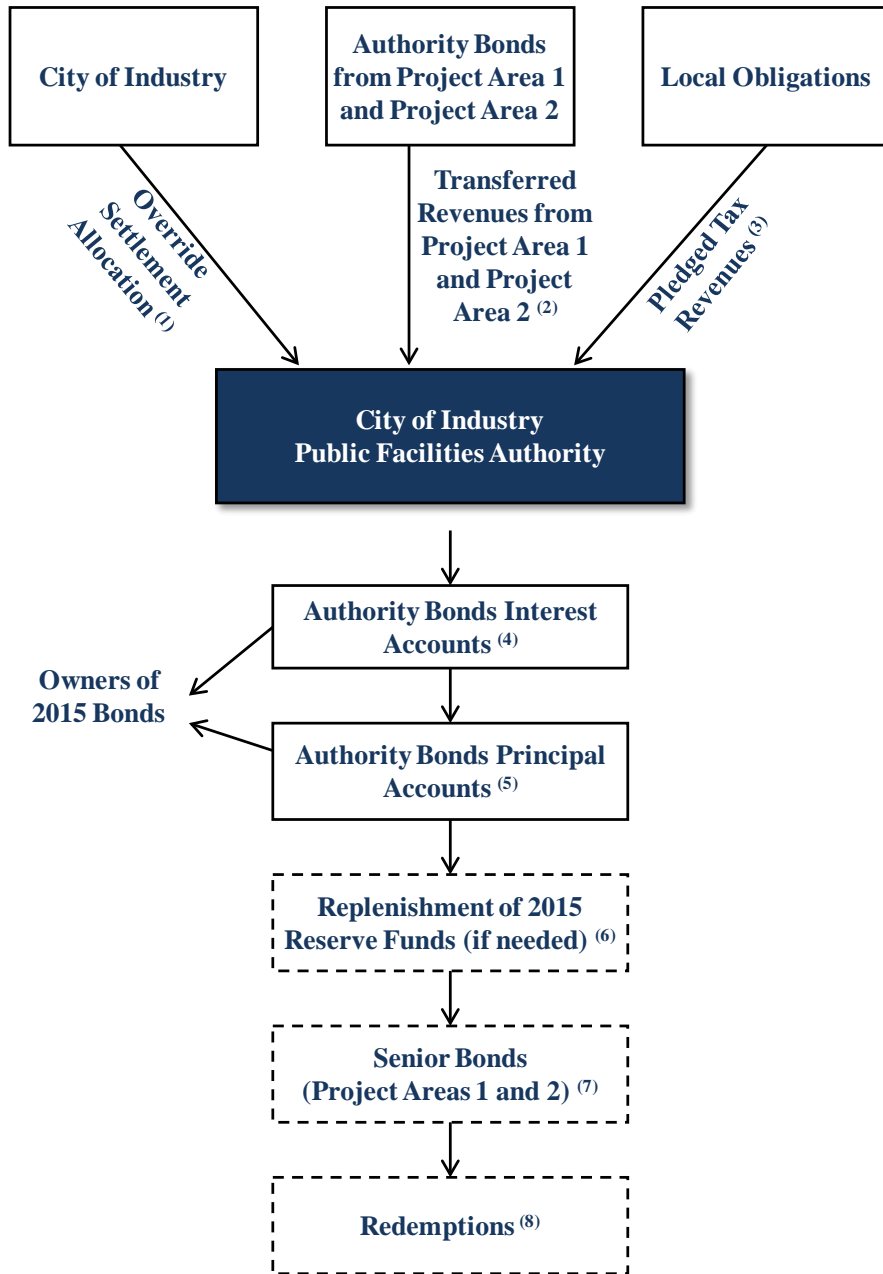
Note: Revenues shown above do not include Transferred Revenue from Project Area No. 1, if any, or Project Area No. 2, if any.

(1) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds," "OVERRIDE REVENUES" and APPENDIX H-1 – "FISCAL CONSULTANT'S AUTHORITY REPORT."

(2) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Local Obligations," "ESTIMATED DEBT SERVICE COVERAGE" and APPENDIX H-1 – "FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT."

(3) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Dissolution Act."

Payment of Revenues



(1) See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds,” “OVERRIDE REVENUES” and APPENDIX H-1 – “FISCAL CONSULTANT’S AUTHORITY REPORT.”

(2) See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds,” “OVERRIDE REVENUES,” “ESTIMATED DEBT SERVICE COVERAGE” and APPENDIX H-1 – “FISCAL CONSULTANT’S AUTHORITY REPORT.” (footnotes continue on next page)

(footnotes continued on next page)

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(3) See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Local Obligations,” “ESTIMATED DEBT SERVICE COVERAGE” and APPENDIX H-1 – “FISCAL CONSULTANT’S SUCCESSOR AGENCY REPORT.”

(4) See First under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

(5) See Second under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

(6) See Third under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

(7) See Fourth under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Flow of Funds Under the Indenture.”

(8) [discuss]

Security for the Bonds

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and any other amounts held in the Revenue Fund and in the Reserve Fund established pursuant to the Indenture are pledged by the Authority to secure the full and timely payment of the principal of and interest and premium, if any, of the Bonds in accordance with their terms and the provisions of the Indenture. Notwithstanding anything to the contrary contained in the Indenture, all Bonds issued under the Indenture will be payable first from all amounts derived from the Local Obligations, second from investment income with respect to the funds and accounts established hereunder (other than the Rebate Fund), and third from all other amounts transferred to the Authority pursuant to the Indenture.

“Revenues” means (a) all amounts derived from the Local Obligations (which are substantially Pledged Tax Revenues; see, in particular, “– Security for the Local Obligations” below, “PROJECT AREA NO. 3” and “APPENDIX H-2 – FISCAL CONSULTANT’S SUCCESSOR AGENCY REPORT”), (b) investment income with respect to the funds and accounts established under the Indenture (other than the Rebate Fund), and (c) all other amounts transferred to the Authority pursuant to the Indenture (see, in particular, “OVERRIDE REVENUES” and “APPENDIX H-1 – FISCAL CONSULTANT’S AUTHORITY REPORT”).

Security for the Local Obligations

General. The Dissolution Act requires the Los Angeles County Auditor Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Predecessor Agency had the Predecessor Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the “Redevelopment Property Tax Trust Fund”).

The Dissolution Act authorizes the issuance of refunding bonds, including the Local Obligations, to be secured by a pledge of, and lien on, Pledged Tax Revenues (as defined herein) deposited from time to time in the Redevelopment Property Tax Trust Fund and then subject to the lien of the Local

Obligations Indenture. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Predecessor Agency, with the same lien priority and legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule.

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Local Obligations, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law.

Taxes levied on the property within Project Area No. 3 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 Project Area No. 3, to the extent they constitute Pledged Tax Revenues, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule"). Monies deposited by the County Auditor-Controller into the Successor Agency's Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the Trustee for deposit in the Revenue Fund established under the Local Obligations Indenture and administered by the Trustee in accordance therewith.

Security for Local Obligations and Pledged Tax Revenues. The Local Obligations will be payable from and equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Pledged Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund, by the County, the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Revenue Fund established under the Local Obligations Indenture (including the Accounts and all subaccounts in the foregoing) to the Trustee for the benefit of the Owners of the Outstanding Local Obligations. "Pledged Tax Revenues" means (a) all taxes annually allocated to the Successor Agency with respect to Project Area No. 3 following the date of issuance and delivery of the Bonds (the "Delivery Date") pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code and section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, and including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemption and tax limitations; but excluding all other amounts of such taxes (if any) (i) which are required by law on the Delivery Date to be deposited by the Successor Agency in a housing fund, if any, (ii) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) any amounts payable by the Successor Agency pursuant to sections 33607.5 or 33607.7 of the Health and Safety Code, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds and any parity debt authorized under the Prior 2002 Indenture or Prior 2003 Indenture; and (iv) amounts of such taxes (if any) which are required to be paid to any other public agency under Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code or under agreement between the Successor Agency and such public agency and (b) all taxes distributed by the County of Los Angeles Auditor-Controller from the Redevelopment Property Tax Trust Fund that are received by the Successor Agency, if any, resulting from the levy of an *ad valorem* tax by the City pursuant to voter authorization at a special municipal election on June 20, 1978 that were pledged to the Refunded Bonds.

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 Pledged Tax Revenues hereunder shall include all tax revenues allocated to the payment of indebtedness pursuant to 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. “Redevelopment Plan” means the Redevelopment Plan for the Transportation-Distribution-Industrial Project No. 3, approved by Ordinance No. 347, enacted by the City Council of the City on June 13, 1974, together with any amendments thereof.

[“Prior 2002 Indenture” means the Indenture of Trust, dated as of August 1, 2002, by and between the Predecessor Agency and U.S. Bank National Association, relating to the 2002 Bonds. “Prior 2002 Bonds” means the Predecessor Agency’s \$17,455,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2002 Tax Allocation Refunding Bonds. “Prior 2003 Indenture” means the Indenture of Trust, dated as of December 1, 2003, by and between the Predecessor Agency and U.S. Bank National Association, relating to the 2003 Bonds. “Prior 2003 Bonds” means the Predecessor Agency’s \$44,585,000 Industry Urban–Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2003 Tax Allocation Bonds (Taxable).]

In accordance with the Validation Judgment, and pursuant to the pledge of Pledged Tax Revenues made in the Local Obligation Indenture, as authorized by Section 34177.5(a)(1) of the Health and Safety Code, the principal of and interest or redemption premium (if any) on the Bonds shall be payable from, and secured by a first charge and lien on Pledged Tax Revenues without any deduction or offset pursuant to Section 34179.6(h)(2) of the Health and Safety Code or any other provision of law.

Limited Obligations

Neither the faith and credit nor the taxing power of the City, the County, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Neither the City, the County, the State or any political subdivision thereof, other than the Authority, is liable for the payment of the Bonds. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as provided in the Indenture. The Authority has no taxing power. The Bonds do not constitute an indebtedness of the Successor Agency, the City, the County, the State or any political subdivision thereof, other than the Authority, within the meaning of any constitutional or statutory debt limitation or restriction. The Local Obligations do not constitute an indebtedness of the Authority, the City, the County, the State or any political subdivision thereof, other than the Successor Agency, within the meaning of any constitutional or statutory debt limitation or restriction.

Judicial Validation Proceedings

The Dissolution Act provides several remedies to the State Department of Finance, the Auditor-Controller and to taxing entities with respect to the recovery of assets of the Predecessor Agency and amounts due to the taxing entities. One such remedy is contained in Section 34179.6(h)(2) of the Dissolution Act, which reads as follows:

“Alternatively or in addition to the remedies provided in paragraph (1), the department may direct the country auditor-controller to deduct the unpaid amount from future allocations of property tax to the successor agency under Section 34183 until the amount of payment required pursuant to subdivision (d) is accomplished.”

The reference above in Section 34179(h)(2) to Section 34183 refers to moneys in the Redevelopment Property Tax Trust Fund that constitute Pledged Tax Revenues and Subordinate Pledged Tax Revenues, as applicable. Notwithstanding the above, Section 34177.5(g) of the Dissolution Act creates a statutory pledge of, and lien on, certain moneys in the Redevelopment Property Tax Trust Fund, namely, the moneys referred to in Section 34183(a)(2), to secure payment of debt service on the Bonds. The Court, in rendering its Validation Judgment confirming the validity of the Bonds, has determined that the statutory pledge and lien on Pledged Tax Revenues pursuant to Section 34177.5(g) is superior to any other claim on the moneys referred to in Section 34183(a)(2), including any claim under Section 34179.6(h)(2) or under any other law which may be applicable.

On December 23, 2014, pursuant to authorization contained in Section 34177.5(d) of the Dissolution Act and State law, the Successor Agency, the Authority and the City filed their Complaint (Case No. 34-2014-00173219) initiating proceedings to confirm the validity of the Bonds, the Local Obligations, the Indenture, the Local Obligation Indenture and other matters relating thereto and the proceedings for the issuance of the Bonds and the Local Obligations. On _____, 2015, the Superior Court, County of Sacramento, entered the Validation Judgment, that became final on _____, 2015. The appeal period for the Validation Judgment concluded on _____, 2015.

[summary of rulings in validation judgment to come]

Recognized Obligation Payment Schedules

No fewer than 90 days prior to each to each January 2 and June 1, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") 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 Predecessor 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 Recognized Obligation Payment Schedule 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.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Predecessor Agency, as approved by the Oversight Board).

The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Accordingly, although all of the debt service payments on the Bonds have been

approved by the State Department of Finance, such debt service payments must appear on a the applicable Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the applicable deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency did not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for the subsequent six-month period. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedules."

The Dissolution Act requires the State Department of Finance 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 Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency 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 Recognized Obligation Payment Schedule 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 the Successor Agency, the Oversight Board, and the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

The Successor Agency covenants in the Indentures that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indentures to replenish the Reserve Fund, in Recognized Obligation Payment Schedules.

Flow of Funds Under the Indenture

There are established under the Indenture special trust funds known as the "Revenue Fund," the "2015A Reserve Fund" and the "2015B Reserve Fund," which such Funds shall be held by the Trustee in trust for Owners. There are created in the Indenture separate Accounts within the Revenue Fund as set forth below, to be known respectively as the 2015A Interest Account, the 2015A Principal Account, the 2015A Sinking Account, the 2015A Redemption Account, the 2015B Interest Account, the 2015B Principal Account, the 2015B Sinking Account and the 2015B Redemption Account. Upon receiving Revenues, the Trustee shall deposit all amounts received into the Revenue Fund until such time during each Bond Year as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year for deposit into the respective Accounts of the Revenue Fund for each Series of Bonds. The foregoing deposits shall be applied in the following order of priority:

First *Interest Accounts.* On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A 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 the Outstanding 2015A Bonds on such Interest Payment Date and in the 2015B 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 the Outstanding 2015B Bonds on such Interest Payment Date. No deposit need be made into any Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Bonds of the applicable Series on the Interest Payment Dates in such Bond Year. Subject to the Indenture, all moneys in an Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds of the applicable Series as it becomes due and payable (including accrued interest on any such Bonds redeemed prior to maturity pursuant to the Indenture).

Second *Principal Accounts.* On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015A Bonds on such Principal Payment Date and in the 2015B Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015B Bonds on such Principal Payment Date. No deposit need be made into any Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Bonds of the applicable Series on the upcoming Principal Payment Date. Subject to the Indenture, all moneys in a Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal and sinking account payments on the Outstanding Bonds of the applicable Series as they become due and payable.

On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the applicable Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. The Trustee shall use moneys in the applicable Sinking Account to redeem Bonds of the applicable Series pursuant to the Indenture.

The Trustee shall provide records of all payments of principal of and interest on and Sinking Account payments with respect to the Bonds of each Series to the trustee for the Local Obligations within five (5) Business Days of each such principal, interest or Sinking Account payment.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal payments and Sinking Account payments in the proportion that all such principal payments and sinking account payments bear to each other.

Third *Reserve Funds.* Subject to the Indenture, all money in a Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the applicable Interest Account, the applicable Principal Account and the applicable Sinking Account (and subaccounts therein, as the case may be), in such order of priority, in the event of any deficiency at any time in any of such Accounts or (ii) for the retirement of all the Bonds of the applicable Series then Outstanding. The Trustee shall keep accurate records of all such draws. [describe replenishment]

The applicable Reserve Requirement may be satisfied by crediting to the applicable Reserve Fund moneys or a Qualified Reserve Fund Credit Instrument or any combination thereof, which in the aggregate make funds available in such Reserve Fund in an amount equal to the applicable Reserve Requirement. Upon deposit of such Qualified Reserve Fund Credit Instrument, the Trustee shall transfer any excess amounts then on deposit in the applicable Reserve Fund in excess of the applicable Reserve Requirement into the applicable Interest Account.

In any case where a Reserve Fund is funded with a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall deplete all cash balances before drawing on the Qualified Reserve Fund Credit Instrument. With regard to replenishment, any available moneys provided by the Authority shall be used first to reinstate the Qualified Reserve Fund Credit Instrument and second, to replenish the cash in such Reserve Fund. If the Qualified Reserve Fund Credit Instrument is drawn upon, the Authority shall make payment of interest on amounts advanced under the Qualified Reserve Fund Credit Instrument after making any payments pursuant to this subsection Third.

All amounts in a Reserve Fund five (5) Business Days before the final Interest Payment Date shall be withdrawn therefrom by the Trustee and transferred to the applicable Interest Account and then the applicable Principal Account and the applicable Sinking Account, to the extent required to make the deposits then required to be made under the Indenture

If there shall be surplus Revenues in the Revenue Fund after making the deposits required under First, Second and Third above, then such surplus Revenues shall be deposited into the Transfer Account.

Fourth *Transfer Account*. On November 2 (the “Transfer Date”) of each year, commencing _____, 20__, the Trustee shall transfer any Revenues and other amounts in the Transfer Account to the trustee for any Senior Bonds to be applied solely for the payment of any deficiency in required debt service funding for such Senior Bonds pursuant to the applicable Authority indenture, all as specified in a Written Request of the Authority received by the Trustee within ten (10) Business Days of each Transfer Date.

“Senior Bonds” means , \$_____ City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable), \$_____ City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) and \$_____ City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable).

If no Written Request of the Authority is received by the Trustee within the time period specified in Fourth above, then amounts in the Transfer Account shall be deposited into the Redemption Account pursuant to Fifth below.

Fifth *Redemption Account*. The Trustee shall, at the Written Request of the Authority, apply funds in a Redemption Account to redeem Bonds of a Series pursuant to the redemption provisions of the Indenture. Upon any such redemption, the Trustee shall notify the Local Obligations Trustee to cancel and discharge Local Obligations of like maturity in accordance with the Local Obligations Indenture.

Flow of Funds Under the Local Obligations Indenture

Revenue Fund. There are established under the Local Obligations Indenture a special trust fund known as the “Revenue Fund,” which Fund shall be held by the Trustee in trust for applicable Owners of the Local Obligations. The Trustee shall send the Successor Agency on each November 1 and April 1 a Written Request specifying the amount of Pledged Tax Revenues required to be deposited in the Revenue Fund. The Successor Agency shall remit the amount requested pursuant to such Written Request to the Trustee within two (2) Business Days of receipt of distributions of Pledged Tax Revenues on January 2 and June 1 of each year.

There is created under the Local Obligations Indenture separate Accounts within the Revenue Fund as set forth below, to be known respectively as the 2015A Interest Account, the 2015A Principal Account, the 2015A Sinking Account, the 2015A Redemption Account, the 2015B Interest Account, the

2015B Principal Account, the 2015B Sinking Account, and the 2015B Redemption Account. Upon receiving Pledged Tax Revenues from the Successor Agency, the Trustee shall deposit all amounts received into the Revenue Fund, until such time during each Bond Year as the amounts so deposited equal the aggregate amounts required to be transferred to the Trustee in such Bond Year for deposit into the applicable Interest Account, the applicable Principal Account and the applicable Redemption Account of the Revenue Fund. Such deposits shall be in the following order of priority:

First *Interest Accounts.* On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A 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 the Outstanding 2015A Local Obligations on such Interest Payment Date and in the 2015B 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 the Outstanding 2015B Local Obligations on such Interest Payment Date. No deposit need be made into any Interest Account if the amount contained therein is at least equal to the interest to become due and payable on all Outstanding Local Obligations of the applicable Series on the Interest Payment Dates in such Bond Year. Subject to the Local Obligations Indenture, all moneys in an Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Local Obligations of the applicable Series as it becomes due and payable (including accrued interest on any Local Obligations redeemed prior to maturity pursuant to the Local Obligations Indenture).

Second *Principal Account.* On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit *pro rata* in the 2015A Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015A Local Obligations on such Principal Payment Date and in the 2015B Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding 2015B Local Obligations on such Principal Payment Date. No deposit need be made into any Principal Account if the amount contained therein is at least equal to the principal to become due and payable on all Outstanding Local Obligations on the upcoming Principal Payment Date. Subject to the Local Obligations Indenture, all moneys in a Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal and sinking account payments on the Outstanding Local Obligations of the applicable Series as they become due and payable.

On or before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the applicable Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. The Trustee shall use moneys in the applicable Sinking Account to redeem Local Obligations of the applicable Series.

If Pledged Tax Revenues are not sufficient to pay in full the principal of and interest on and any Sinking Account payments with respect to any Local Obligations as such amounts become due, the Trustee shall credit the difference between the amount of available Pledged Tax Revenues and the amount required for payment of the principal of and interest on and any Sinking Account payments with respect to such Local Obligations; provided, that the principal of and interest on and any Sinking Account payments with respect to Authority Bonds supported by the applicable Local Obligations shall have been paid for the same period.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made in such Bond Year, then the money available in the Revenue Fund shall be applied *pro rata* with respect to such principal payments and Sinking Account payments in the proportion that all such principal payments and sinking account payments bear to each other.

Third Transfer. [After Pledged Tax Revenues have been applied as set forth in First and Second above, and as otherwise required by the Local Obligations Indenture, such revenues shall be released from the pledge and lien of the Local Obligations Indenture and be sent to the trustee for the Subordinate Local Obligations or, if no Subordinate Local Obligations remain outstanding, the trustee for the Second Subordinate Local Obligations.]

Local Obligation Redemption Account. On or before the 5th Business Day preceding any date on which Local Obligations are to be redeemed, the Successor Agency will deliver or cause to be delivered funds to the Trustee for deposit in the Redemption Account an amount required to pay the principal of, interest and premium, if any, on the Local Obligations (other than Local Obligations redeemed from sinking account payments) to be redeemed on such date. Subject to the Local Obligations Indenture, all moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest or redemption premium (if any) on the Local Obligations to be redeemed on the date set for such redemption.

Annual Review of Tax Revenues Under Local Obligations Indenture; Special Redemption Fund

On or before _____ of each year commencing _____, 2016, the Successor Agency shall submit a written report of an Independent Redevelopment Consultant (the "Report") to the Trustee. The Report shall show the total amount of Pledged Tax Revenues remaining available to be credited to the Redevelopment Obligation Retirement Fund by the Successor Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service with respect to the Local Obligations. The Successor Agency will not accept Pledged Tax Revenues for credit to the Redevelopment Obligation Retirement Fund in any Fiscal Year greater than the sum of the Annual Debt Service for the Outstanding Local Obligations, if such acceptance would cause the amount remaining under the tax increment limit to fall below the remaining cumulative Annual Debt Service with respect to the Outstanding Local Obligations, except for the purpose of using Excess Tax Revenues for the redemption of Outstanding Local Obligations. If the Report shows the cumulative amount of Annual Debt Service remaining to be paid on the Outstanding Local Obligations to their scheduled maturity equals or exceeds ninety ____ (____%) of remaining Pledged Tax Revenues that the Successor Agency is permitted to receive under the Redevelopment Plan to be credited to the Redevelopment Obligation Retirement Fund, the Successor Agency shall cause the deposit of all Excess Tax Revenues in the Special Redemption Fund each Fiscal Year until all of the Outstanding Local Obligations have been paid or defeased. Moneys deposited in the Special Redemption Fund shall only be used to redeem Local Obligations pursuant to the Local Obligations Indenture, as described in the following paragraph. Based on the projections set forth in the Fiscal Consultant's Report for the Successor Agency, the Local Obligations will be subject to special redemption from amounts in the Special Redemption Fund commencing on _____, 20___. See "APPENDIX H-2 – FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT."

Upon receipt of any Excess Tax Revenues pursuant to the preceding paragraph, the Trustee will immediately deposit such money in the Special Redemption Fund. No later than _____ 15 of each year, the Trustee shall provide a written notification to the Successor Agency of the balance of the Special Redemption Fund. The Successor Agency, no later than the following _____ 25, shall (i) determine the amount (and if applicable, designating the maturities) of Local Obligations to be called on the following _____ 1, and (ii) notify the Trustee of such determination in writing. Such determination by the Successor Agency shall be based on a pro rata application of moneys in the Special Redemption Fund toward the redemption of Local Obligations, based on the then Outstanding principal amount of Local Obligations; provided, that such pro rata application shall be in, as nearly as practicable, multiples of \$5,000, and shall result in the principal amount of Local Obligations remaining Outstanding after such extraordinary redemption being in an Authorized Denomination. Upon receipt of such determination by the Successor Agency, the Trustee shall prepare and send notices of redemption to the applicable Owners

in accordance with the Local Obligations Indenture. If the Successor Agency determines that there is not sufficient money in the Special Redemption Fund to redeem Local Obligations pursuant the Local Obligations Indenture in any year, then the Successor Agency shall provide a written notice to the Trustee to that effect no later than _____25 of such year.

At least five (5) Business Days before each Extraordinary Redemption Date, the Trustee shall notify the Successor Agency in writing of the accrued interest (the “Accrued Interest”) that will become due on such Extraordinary Redemption Date with respect to the Local Obligations being called pursuant to the Local Obligations Indenture. The Trustee shall, no later than the Business Day before such Extraordinary Redemption Date, transfer the amount of such Accrued Interest from the Revenue Fund to the Special Redemption Fund. The Trustee shall use the moneys in the Special Redemption Fund to pay the applicable Redemption Price on the Extraordinary Redemption Date. **Redemption of Local Obligations on the Extraordinary Redemption Date will result in a like amount of Bonds being redeemed on such date.**

Any money remaining in the Special Redemption Fund on the final maturity date of the Local Obligations or the defeasance date of all of the Outstanding Local Obligations shall be transferred to the Revenue Fund (for application toward the final payment on the Local Obligations or transfer to the defeasance escrow). Pending such transfer to the Revenue Fund, any interest earnings of moneys in the Special Redemption Fund shall be retained in the Special Redemption Fund.

Certain Covenants of the Successor Agency in the Local Obligations Indenture

As long as the Local Obligations are Outstanding, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Local Obligations Indenture or in any Local Obligation issued under the Local Obligation Indenture, including the following covenants and agreements for the benefit of the Owners of the Local Obligations that are necessary, convenient and desirable to secure the Local Obligations:

Compliance with Health and Safety Code. The Successor Agency covenants that it will comply with all applicable requirements of the Health and Safety Code.

Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Successor Agency shall prepare and submit to the Successor Agency Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the Successor Agency are listed, including with respect to the Local Obligations, together with the source of funds expected to be used to pay for each such enforceable obligation.

Punctual Payment. The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the Local Obligations on the date, at the place and in the manner provided in the Local Obligations, and that it will take all actions required under the Health and Safety Code to include debt service on the Local Obligations on the applicable Recognized Obligation Payment Schedule.

No Priority; No Additional Parity Local Obligations; Refunding Local Obligations; Other Obligations. The Successor Agency covenants that it will not issue any Obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues on a parity with or superior to the lien under the Local Obligations Indenture for the Local Obligations; provided, that the Successor Agency may (i) issue and sell refunding Local Obligations

payable from Pledged Tax Revenues on a parity with Outstanding Local Obligations, if (a) debt service on such refunding bonds is lower than debt service on the Local Obligations being refunded the Local Obligations will be outstanding and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Local Obligations being refunded; (ii) issue and sell Obligations which have a lien on Pledged Tax Revenues junior to the Local Obligations or (iii) issue and sell Obligations that are payable in whole or in part from sources other than Pledged Tax Revenues; provided, that none of the foregoing issuances shall cause the Agency to violate applicable law.

Use of Proceeds: Management and Operation of Properties. The Successor Agency covenants that the proceeds of the sale of the Local Obligations will be deposited and used as provided in the Local Obligations Indenture and that it will manage and operate all properties owned by it comprising any part of Project Area No. 3 in a proper manner and in accordance with applicable law.

Payment of Taxes and Other Charges. The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in Project Area No. 3, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Local Obligations or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest and redemption premium (if any) on the Local Obligations, all to the end that the priority and security of the Local Obligations shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Books and Accounts: Financial Statements. The Successor Agency covenants that it will at all times keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries are made of the financial transactions and records of the Successor Agency. Within one hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. Upon written request, the Successor Agency shall, as soon practicable, furnish a copy of each audit to any Owner. The Trustee shall have no duty to review such audits.

Protection of Security and Rights of Owners. The Successor Agency covenants to preserve and protect the security of the Local Obligations and the rights of the Owners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that the Pledged Tax Revenues pledged under the Local Obligations Indenture cannot be used to pay debt service on the Local Obligations or (b) any other action affecting the validity of the Local Obligations or diluting the security therefor, including, with respect to the Pledged Tax Revenues, the senior lien position of the Local Obligations to the Statutory Pass-Through Amounts that have been subordinated to the payment of debt service on the Local Obligations.

Tax Covenants. The Successor Agency covenants and agrees not to use, permit the use of, or omit to use Gross Proceeds of the 2015A Local Obligations or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest component of any purchase payment to fail to be excluded pursuant to section 103 of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Successor Agency receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion from gross income of interest on any

2015A Local Obligation and the Successor Agency shall comply with each of the specific covenants in this Section.

Tax Sharing Agreements

The Redevelopment Law authorized the Predecessor Agency to enter into Tax-Sharing Agreements with taxing agencies whose territory was located within Project Area No. 3, whereby the Predecessor Agency would pay tax increment revenues to such taxing agencies to alleviate the financial burden or detriment caused by the Redevelopment Project. The Predecessor Agency did not enter into any Tax-Sharing Agreements with respect to Project Area No. 3.

Statutory Pass-Through Payments

Sections 33607.5 and 33607.7 of the Redevelopment Law require the Successor Agency to make Statutory Pass-Through Payments to taxing agencies whose territory is located within Project Area No. 3, to alleviate the financial burden or detriment caused by the Redevelopment Project. On February 4, 2005, the City Council adopted Ordinance No. 706 that amended the Redevelopment Plan of Project Area No. 3, to eliminate the January 1, 2004 time limit on the establishment of loans, advances and indebtedness. This action was permitted under the Redevelopment Law and, as a result, the tax increment revenues generated by Project Area No. 3 was subject to an annual statutory pass through payment to affected taxing agencies.

The Dissolution Act establishes procedures whereby the Successor Agency may make such Statutory Pass-Through Payments subordinate to the payment of debt service on the Local Obligations. The Successor Agency has taken no steps to make Statutory Pass-Through Payments subordinate to the payment of debt service on the Local Obligations.

SUCCESSOR AGENCY

General

The Predecessor Agency was established in 1971. As a result of the Dissolution Act, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. On September 22, 2011, pursuant to Resolution No. CC 2011-20 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Predecessor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Predecessor Agency will not be transferred to the City nor will the assets of the Predecessor Agency become assets of the City.

Members and Officers

The Successor Agency is governed by a Board of Directors (the "Board").

Name and Office	Expiration of Term
Tim Spohn, Chair	June 2015
Jeff Parriott, Vice Chair	June 2017
John P. Ferrero, Member	June 2015
Roy Haber III, Member	June 2017
Pat Marcellin, Member	June 2015

Successor Agency Powers

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Predecessor Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Predecessor Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by their oversight boards, as well as review by the State Department of Finance.

Previously, Section 33675 of the Redevelopment Law required the Predecessor Agency to file not later than the first day of October of each year with the County Auditor-Controller of a statement of indebtedness certified by the chief fiscal officer of the Predecessor Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plans). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Predecessor Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Predecessor Agency could not exceed the amounts shown on the Predecessor Agency's statement of indebtedness. The Dissolution Act eliminated this requirement and provides that the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law and the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law.

PROJECT AREA NO. 3

General

Project Area No. 3 was formed on June 13, 1974 and consists of 691 acres that are primarily developed for industrial uses. Redevelopment project areas adopted prior to January 1, 1994, were required to establish limits on the amount of bonded indebtedness that may be outstanding at any time and limits on the amount of tax increment revenue that could be received over the life of the component project area. The tax increment revenue limit for Project Area No. 3 is \$497,000,000. The Redevelopment Plan limit is June 13, 2017 and the last day to repay indebtedness is June 13, 2027. See "APPENDIX H – Fiscal Consultant's Successor Agency Report."

Project Area No. 3 is generally bounded by Sixth Avenue, Proctor Avenue, the San Gabriel River Freeway and the Union Pacific Railroad on the north; the City boundary on the west; the Union Pacific Railroad, Clark Avenue and Puente Hills Landfill on the south; and 7th Avenue on the east. The main-line of the Union Pacific Railroad bisects a portion of the Project Area from East to West. Project Area No. 3 has superior links to the freeway network. Several existing Pomona Freeway (I-60) interchanges directly service Project Area No. 3, and it is less than 2-1/2 miles south of the San Bernardino Freeway (I-10). The San Gabriel River Freeway (I-605) is near the Western portion of Project Area No. 3. Located within the Los Angeles Metropolitan area, approximately 20 miles from downtown Los Angeles and within about 30 miles of the Ports of Los Angeles, Long Beach, and San Pedro, and the Los Angeles and Ontario International Airports, local business and industries have a wide variety of readily available options for receipt and distribution of products, materials, and supplies. Most of Project Area No. 3 lies within Los Angeles County Sanitation Districts and there are parallel trunk sewers running the length of the Project Area which are connected to the San Jose and Carson Sewage Treatment Plants. The trunk system is adequate to satisfy future development needs. Electrical energy is provided by the Southern California Edison Company's Distribution System. Project Area No. 3 is also served by the Southern California Gas Company with adequate gas supplies to meet existing and future development needs.

History of Project Area No. 3

Project Area No. 3 evolved from studies commenced by the City and its Planning Commission in early 1971. A survey area was established by the City Council and the City and the Planning Commission adopted the Preliminary Plan for Project Area No. 3 within the boundaries of the survey area. The Redevelopment Plan for Project Area No. 3 encompasses the Preliminary Plan recommendations and was approved by the Planning Commission as being in conformance with the City's General Plan. The City Council and the Predecessor Agency held a joint public hearing on the Redevelopment Plan and the Council adopted the plan by ordinance.

Project Area No. 3, designated Industry Urban-Development Agency, Transportation-Distribution-Industrial Redevelopment Project No. 3 was, at the time of formation, in need of and suitable for redevelopment pursuant to the Redevelopment Law. Project Area No. 3 had the characteristics of a blighted area, constituting social and economic liabilities and requiring redevelopment in the interest of the health, safety and general welfare of the people of the City and the State of California.

There were in Project Area No. 3 buildings and structures used or intended to be used for living, commercial, industrial, or other purposes which were unfit and unsafe to occupy. Parts of Project Area No. 3 were characterized by economic dislocation, deterioration and disuse resulting from faulty planning. Many lots were of irregular form and shape and inadequate size for proper usefulness and development. Inadequate streets were characteristic of the area. There were also properties and large areas subject to being submerged by water. Parts of Project Area No. 3 were characterized by depreciated values, impaired investments and social and economic maladjustment to such an extent that their capacity to pay taxes was reduced and tax receipts were inadequate for the costs of public services rendered.

The area comprising Project Area No. 3 was selected for redevelopment because of such conditions, including:

- (a) underdeveloped and unproductive vacant land scattered throughout the area and often littered with debris and used for open storage;
- (b) a fragmented and illogical pattern of land ownership inhibiting orderly development;
- (c) a street system incomplete and in some places substandard, denying adequate access to many areas within Project Area No. 3;
- (d) inadequate street lighting and lack of curbs and gutters; and
- (e) substandard industrial structures.

Current Status of Project Area No. 3

A large portion of Project Area No. 3 has now been developed for industrial uses, including but not limited to, light manufacturing, wholesale trade and distribution, technical service businesses, research and development, and other related and compatible uses. To provide the necessary investment factors, the Redevelopment Plan for Project Area No. 3 provided for new streets and improvement of existing substandard roadways. Illogical street patterns were corrected in the process, and grade separation between railroad and highway arteries have been provided at key points. Full public utility service has been substantially corrected. The environment has also been upgraded through landscaping, the undergrounding of utilities, lighting and the enactment of development guidelines. **[update]**

Land Use

The following table sets forth the land uses within Project Area No. 3.

<u>Land Use</u>	<u>Record Count</u>	<u>Assessed Value</u>	<u>Percent of Value</u>
Residential	1	\$ 203,429	0.03%
Commercial	16	74,499,177	11.26
Industrial	89	410,223,732	62.02
Recreational	1	152,903	0.02
Institutional	3	12,880,480	1.95
Vacant	18	26,522,027	4.01
Poss Int/Min Rights	7	1,514,461	0.23
Miscellaneous	3	148,111	0.02
Government Owned	58	-	0.00
State Assessed Non-Unitary	1	64,750	0.01
Unsecured Value	258	135,256,905	20.45
Totals	455	\$ 661,465,975	100.00%

Source: Keyser Marston Associates, Inc.

Top Ten Taxable Property Owners

The following table sets forth the top ten taxable property owners in Project Area No. 3 for Fiscal Year 2014-15.

Top Ten Taxable Property Owners Fiscal Year 2014-15

Assessee Name	Secured			Unsecured			Total		
	Value	Parcels	% of Secured Value	Value	Parcels	% of Unsecured Value	Value	% of Total Value	% of Incremental Value
1 Majestic Realty Co. et.al. ⁽¹⁾	\$ 152,259,294	38	28.94%	\$ 971,553	8	0.72%	\$153,230,847	23.17%	26.26%
2 Quinn Group Inc. ⁽²⁾	48,349,139	2	9.19	18,080,634	6	13.37	66,429,773	10.04	11.38
3 SDC Towers Industrial Park Inc.	37,046,794	9		-	-	0.00	37,046,794	5.60	6.35
4 Centralize Leasing Corp.	-	-	0.00	28,738,514	4	21.25	28,738,514	4.34	4.93
5 GFI California Realty LLC	22,775,000	1	4.33	-	-	0.00	22,775,000	3.44	3.90
6 Haralambos Leasing Co.	17,274,039	1	3.28	1,012,492	1	0.75	18,286,531	2.76	3.13
7 Sun Hing Properties LLC	16,273,548	1	3.09	553,035	1	0.41	16,826,583	2.54	2.88
8 Lee Kum Kee USA Foods Inc.	8,737,842	1	1.66	7,980,573	1	5.90	16,718,415	2.53	2.87
9 Golden State Foods Corp.	-	-	0.00	14,417,258	2	10.66	14,417,258	2.18	2.47
10 Brook Property Inc.	13,436,700	1	2.55	-	-	0.00	\$13,436,700	2.03	2.30
Top Ten Property Owner Totals	\$316,152,356	54		\$71,754,059	23		\$387,906,415		
Project Area No. 3 Totals:	526,209,070		60.08	135,256,905		53.05	661,465,975	58.64%	
Project Area No. 3 Incremental Value:	\$483,411,076		65.40%	\$100,079,605		71.70%	\$583,490,681		66.48%

Source: Keyser Marston Associates, Inc.

⁽¹⁾ Majestic Realty Corp. is the largest privately-held developer and owner of master-planned business parks in the United States. [description of leasing to come] See "RISK FACTORS – Concentration of Ownership."

⁽²⁾ [Quinn Group Inc. description to come] See "RISK FACTORS – Concentration of Ownership."

Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the State Board of Equalization. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51(b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

The Fiscal Consultant researched the status of assessment appeals filed by property owners in Project Area No. 3 based upon the latest information available from the County Appeals Board database through the 1st Quarter of 2015. Resolved appeals (those that either resulted in a stipulated adjustment to the contested value or were unsuccessfully appealed due to County Appeals Board denial, an applicant non-appearance or application withdrawal) were analyzed for Project Area No. 3 to forecast the fiscal impact, if any, resulting from identified open/pending appeals filed in Project Area No. 3. The results of this survey of properties having an outstanding or recently stipulated appeal are summarized in the following table.

Assessment Appeals - Fiscal Year 2008-09 to Fiscal Year 2013-14

		<u>Total Contested</u>	<u>Applicant Opinion of Value</u>	<u>Total Resolved</u>	<u>Variance</u>
Total No. of Appeals from 2008/09 to 2013/14	242				
No. of Resolved Appeals	159				
No. of Successfully Resolved Appeals	18	11.320755%			
Average Reduction of Successful Appeals	16.2283%	\$172,711,377	\$97,548,732	\$144,683,207	(28,028,170)
<hr/>					
Secured Total No. of Pending Appeals	23				
Secured Assumed No. of Pending Appeals Stipulated	3	No. Pending Appeals x % Successful All Project Areas			
Secured FY 2014-15 Open/Pending Appeals	(1,307,000)	71,117,000	35,308,000	69,810,000	(1,307,000)
Secured FY 2013-14 Open/Pending Appeals	(1,391,000)	75,719,000	42,032,000	74,328,000	(1,391,000)
Secured FY 2012-13 Open/Pending Appeals	(1,286,000)	70,006,000	35,967,000	68,720,000	(1,286,000)
Secured FY 2011-12 Open/Pending Appeals	(503,000)	27,375,000	15,790,000	26,872,000	(503,000)
Secured Prior 2011-12 Open/Pending Appeals	-	-	-	-	0
Secured Total Est. Reduction Assumed for Open/Pending Appeals	(4,487,000)	\$244,217,000	\$129,097,000	239,730,000	(4,487,000)
Secured Total Est. Tax Refund Open/Pending Appeals at 1%	(\$44,870)				
Sec Tax Refund Open/Pending Appeals based on 0.7375% Override	(\$33,092)				
<hr/>					
Unsecured Total No. of Pending Appeals	60				
Unsecured Assumed No. of Pending Appeals Stipulated	7	No. Pending Appeals x % Successful All Project Areas			
Unsecured FY 2014-15 Open/Pending Appeals	(1,284,000)	69,914,000	37,665,000	68,630,000	(1,284,000)
Unsecured FY 2013-14 Open/Pending Appeals	(1,744,000)	94,953,000	41,366,000	93,209,000	(1,744,000)
Unsecured FY 2012-13 Open/Pending Appeals	(965,000)	52,513,000	26,346,000	51,548,000	(965,000)
Unsecured FY 2011-12 Open/Pending Appeals	(1,034,000)	56,300,000	19,984,000	55,266,000	(1,034,000)
Unsecured Prior 2011-12 Open/Pending Appeals	(2,374,000)	129,217,000	65,955,000	126,843,000	(2,374,000)
Unsecured Total Est. Reduction Assumed for Open/Pending Appeals	(7,402,000)	\$402,897,000	\$191,316,000	395,495,000	(7,402,000)
Unsecured Total Est. Tax Refund Open/Pending Appeals at 1%	(\$74,020)				
Unsecured Tax Refund Open/Pending Appeals based on 0.7375% Override	(\$54,590)				

Source: 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 Redevelopment Property Tax Trust Fund of the Successor Agency. For purposes of the attached projections, an estimate of Project Area No. 3's Fiscal Year 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. (Tax refund estimate represents a tax refund on multiple fiscal year filings of appeals on the same parcel.) The estimated reduction in value identified above is assumed to be reflected in Project Area No. 3's aggregate assessed value commencing in Fiscal Year 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 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.

Historical Assessed Values

The following table sets forth the assessed values in Project Area No. 3 for the past ten fiscal years.

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Assessed Values - Fiscal Year 2005-06 through Fiscal Year 2014-15

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<u>Secured</u>										
Land	\$110,354,130	\$118,018,372	\$124,470,312	\$130,801,295	\$181,636,992	\$181,746,717	\$188,715,168	\$197,590,719	\$210,042,251	\$227,151,009
Improvements	238,402,623	246,735,457	262,308,966	269,262,260	282,821,422	276,650,864	276,174,349	283,841,962	292,113,967	296,505,959
Personal Prop	10,430,591	10,919,742	10,346,350	9,617,701	6,936,879	7,070,717	6,450,642	6,774,916	7,573,401	8,923,808
Exemptions	3,056,946	0	4,118,974	0	4,210,932	4,202,374	0	6,296,158	6,410,079	6,436,456
Total Secured	356,130,398	375,673,571	393,006,654	409,681,256	467,184,361	461,265,924	471,340,159	481,911,439	503,319,540	526,144,320
<u>State Assessed</u>										
Land	1,242,276	1,030,862	53,361	53,361	53,361	64,750	64,750	64,750	64,750	64,750
Improvements	892,594	733,871	0	0	0	0	0	0	0	0
Personal Prop	510,979	420,116	0	0	0	0	0	0	0	0
Exemptions	0	0	0	0	0	0	0	0	0	0
Total State Assessed	2,645,849	2,184,849	53,361	53,361	53,361	64,750	64,750	64,750	64,750	64,750
<u>Unsecured</u>										
Land	0	0	0	0	0	0	0	0	0	0
Improvements	56,145,612	56,623,263	59,785,959	57,113,133	65,299,186	60,139,525	56,034,552	40,582,276	39,550,052	40,503,620
Personal Prop	114,960,557	113,666,333	143,773,781	125,975,062	130,622,943	127,626,467	119,917,933	113,718,262	113,324,277	94,753,285
Exemptions	3,914,000	560,000	560,000	560,000	560,000	0	0	0	0	0
Total Unsecured	167,192,169	169,729,596	202,999,740	182,528,195	195,362,129	187,765,992	175,952,485	154,300,538	152,874,329	135,256,905
<u>Grand Total</u>										
Land	111,596,406	119,049,234	124,523,673	130,854,656	181,690,353	181,811,467	188,779,918	197,655,469	210,107,001	227,215,759
Improvements	295,440,829	304,092,591	322,094,925	326,375,393	348,120,608	336,790,389	332,208,901	324,424,238	331,664,019	337,009,579
Personal Prop	125,902,127	125,006,191	154,120,131	135,592,763	137,559,822	134,697,184	126,368,575	120,493,178	120,897,678	103,677,093
Exemptions	6,970,946	560,000	4,678,974	560,000	4,770,932	4,202,374	0	6,296,158	6,410,079	6,436,456
Grand Total	525,968,416	547,588,016	596,059,755	592,262,812	662,599,851	649,096,666	647,357,394	636,276,727	656,258,619	661,465,975
<u>Base Year Value</u>										
Secured	42,823,002	42,823,002	42,823,002	42,823,002	42,776,994	42,776,994	42,776,994	42,776,994	42,776,994	42,776,994
Unsecured	35,177,300	35,177,300	35,177,300	35,177,300	35,177,300	35,177,300	35,177,300	35,177,300	35,177,300	35,177,300
Add HOX	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Base Year Value	78,021,302	78,021,302	78,021,302	78,021,302	77,975,294	77,975,294	77,975,294	77,975,294	77,975,294	77,975,294
<u>Incremental Value</u>										
	\$447,947,114	\$469,566,714	\$518,038,453	\$514,241,510	\$584,624,557	\$571,121,372	\$569,382,100	\$558,301,433	\$578,283,325	\$583,490,681

Source: Keyser Marston Associates, Inc.

Tax Revenue Receipts

The following table sets forth the tax revenue receipts for the past five fiscal years.

Historic Receipts to Levy Analysis

	2009-10	2010-11	2011-12	2012-13	2013-14
Reported Assessed Value ⁽¹⁾ :					
Secured	\$467,184,361	\$461,265,924	\$471,340,159	\$481,911,439	\$503,319,540
State Assessed	53,361	64,750	64,750	64,750	64,750
Unsecured	195,362,129	187,765,992	175,952,485	154,300,538	152,874,329
Total Project Value	662,599,851	649,096,666	647,357,394	636,276,727	656,258,619
Less Base Value ⁽¹⁾	77,975,294	77,975,294	77,975,294	77,975,294	77,975,294
Incremental Value	584,624,557	571,121,372	569,382,100	558,301,433	578,283,325
Tax Rate to Compute Tax Increment	1.79180%	1.79120%	1.79120%	1.00000%	1.00000%
Computed Gross Tax Increment	10,475,303	10,229,926	10,198,772	5,583,014	5,782,833
Unitary Tax Revenue	51,498	51,610	54,598	55,078	58,698
Total Computed Levy	10,526,801	10,281,536	10,253,370	5,638,093	5,841,531
Gross Based on Collections Rate ⁽²⁾ :					
Secured Tax Increment	7,603,694	7,493,334	7,675,672	4,390,464	4,604,481
Unsecured Tax Increment	2,854,922	2,473,280	2,482,985	1,170,148	1,156,020
Unitary Tax Revenue	51,498	51,610	54,598	55,078	58,698
Total Tax Based on Collections Rate	10,510,114	10,018,224	10,213,255	5,615,690	5,819,199
Variance From Computed Levy	(16,687)	(263,312)	(40,115)	(22,402)	(22,332)
% Collected (Current Levy Only)	99.84%	97.44%	99.61%	99.60%	99.62%
Post-Dissolution Actual Gross Tax Increment Allocated ⁽⁴⁾ :					
T.I. Allocated July 1, 2011 to January 31, 2012			5,452,673		
RPTTF Gross Allocation June 2012 (February 1, 2012 to June 30, 2012)			1,798,019		
RPTTF Gross Allocation January				3,621,260	2,971,779
RPTTF Gross Allocation June				2,817,547	3,215,113
Post-Dissolution Allocated Levy			7,250,692	6,438,808	6,186,892

Source: Keyser Marston Associates, Inc.

⁽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. **[where on table?]**

⁽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 Redevelopment Property Tax Trust Fund is shown.

Note: 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.

OVERRIDE REVENUES

Background. Property tax rates 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. The California Constitution allows local governments to levy voter-approved debt rates for two purposes: (1) to pay for indebtedness approved by voters prior to 1978, as allowed under Proposition 13, and (2) to pay the annual cost of general obligation bonds approved by voters for local infrastructure projects. At a special municipal election held on June 20, 1978, more than two-thirds of the City’s voters authorized the City to levy an *ad valorem* tax (the “Industry Property Tax Override”) in connection with up to \$250 million principal amount of City general obligation bonds (the “1978 Authorization”). Pursuant to the 1978 Authorization, the City has issued multiple series of general obligation bonds and general obligation refunding bonds. In connection with such outstanding general obligation bonds and general obligation refunding bonds, the City is obligated to and continues to levy the Industry Property Tax Override on taxable properties in the City, including properties within Project Area No. 3.

Override Tax Rates Calculation. The projection of annual Override Tax Rates set forth in the Authority Fiscal Consultant’s Report are based on the combined voter-approved annual debt service, the sum of which is then divided by the projected total assessed values available to support the voter-approved levy (i.e. assessed values of Tax District No. 1, plus the base year assessed values of the respective Project Areas). Tax District No. 1 is located within the City outside of the Project Areas and contains 61 tax rate areas (geographic subareas with common distribution of taxes and which are contained within the boundaries of Tax District No. 1). The City has historically contributed funds to pay a portion of its general obligation bonds secured by *ad valorem* taxes and thus maintain the levy on taxpayers at a lower level than the City would otherwise be entitled to levy. The current rate is 0.73750%. For purposes of projecting the Override Tax Rate in the Authority Fiscal Consultant’s Report, the 0.73750% override rate limit represents the maximum Override Tax Rate that the City will impose to fund the pre-1989 voter-approved indebtedness. The City will agree in the Indenture to maintain the levy for outstanding general obligation bonds at a rate no less than the current rate for such bonds, subject to certain conditions. See “APPENDIX H-1 – FISCAL CONSULTANT’S AUTHORITY REPORT” and “– Assignment and Transfer by the City of Settlement Override Allocation” below.

Historic Property Tax Override Collections. The following table sets for the Industry Property Tax Override Collections for the fiscal years shown.

Fiscal Year (June 30)	Property Tax Override Collections
2014 ⁽¹⁾	\$8,628,202
2013 ⁽¹⁾	8,735,368
2012 ⁽¹⁾	6,144,812
2011	620,986
2010	380,147
2009	390,429
2008	372,910

Source: Keyser Marston Associates, Inc.

⁽¹⁾ Post enactment of Dissolution Act.

Assignment and Transfer by the City of Settlement Override Allocation. In consideration for the Authority’s assistance to the Successor Agency in connection with the refunding of the Refunded

Bonds and in full and final settlement and compromise with respect to tax revenues received and to be received by the City pursuant to the 1978 Authorization that prior to the Dissolution Act were received by the Predecessor Agency (all of which is acknowledged by the City as pledged to the Refunded Bonds), the City in the Indenture will assign, and covenant and agree to transfer to the Authority and only to the Authority as and when received by the City, all such Override Settlement Allocation for deposit in the Revenue Fund of the Indenture as security for the Bonds. The City will agree in the Indenture to maintain the levy for outstanding general obligation bonds of the City pursuant to the 1978 Authorization at a rate no less than the current rate for such bonds; provided, however, that revenues generated by such rate payable to the City (excluding the Override Settlement Allocation) will not exceed annual debt service on such general obligation bonds for the year levied, plus an allowance for delinquencies (in an amount not to exceed ten percent of such levy) and fees of any paying agent for the general obligation bonds.

ESTIMATED DEBT SERVICE COVERAGE

The following table sets forth the debt service coverage on the Bonds. Based on estimated Pledged Tax Revenues from Project Area No. 3, estimated Override Settlement Allocation and estimated transferred revenues from Project Area No. 1 and Project Area No. 2, if any, coverage for Maximum Annual Debt Service is approximately ___%.

Estimated Debt Service Coverage for Authority Bonds Assuming No Growth Fiscal Years 2014-15 through 2026-27 (In thousands)

Fiscal Year (June 30)	Pledged Tax Revenues	Override Settlement Allocation	Transferred Revenues⁽¹⁾	Total Revenues	Debt Service	Debt Service Coverage
2015	\$5,356	\$4,140				
2016	5,453	4,206				
2017	5,453	4,206				
2018	5,453	4,206				
2019	5,453	4,206				
2020	5,453	4,206				
2021	5,453	3,761				
2022	5,453	3,761				
2023	5,453	3,761				
2024	5,453	3,764				
2025	5,453	360				
2026	5,453	180				
2027	5,453	180				

Source: Keyser Marston Associates, Inc. and Underwriter.

⁽¹⁾ "Transferred Revenues" means revenues released from the lien for Senior Bonds in Project Area No. 1 and Project Area No. 2.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 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 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Local Obligations and the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Override Settlement Allocation and Transferred Revenues

As discussed above under the caption "OVERRIDE REVENUES," in consideration for the Authority's issuance of the Bonds, the City will assign, covenant and agree in the Indenture to transfer to the Authority all Override Settlement Allocation for deposit in the Revenue Fund of the Indenture. Override Settlement Allocation, together with revenue from the Local Obligations, is projected to be sufficient to pay the principal of and interest on the Bonds when due. See "ESTIMATED DEBT SERVICE COVERAGE" for a description of the projected coverage on the Bonds. Such coverage, however, could be materially and adversely affected by, among other things, growth in assessed valuations in Tax District No. 1 and Project Area No. 4, (ii) changes in debt service obligations for the City's general obligation bonds and/or (iii) collection of tax revenue in Project Area 1 that results in mandatory special redemptions of bonds issued by the Authority secured by tax revenue in Project Area No. 1.

In addition, transferred revenues from Project Area No. 1 and Project Area No. 2 available for debt service on the Bonds is dependent on there being surplus revenues after debt service on the bonds the Authority is issuing for Project Area No. 1 and Project Area No. 2 concurrently with the Bonds, that are secured in part by tax revenues and override settlement allocation for such Project Areas

Reduction in Taxable Value

Pledged Tax Revenues available to pay principal and interest on the Local Obligations are determined by the amount of incremental taxable value in Project Area No. 3 and the current rate or rates at which property in Project Area No. 3 is taxed. The reduction of taxable values of property in Project Area No. 3 caused by economic factors beyond the Successor Agency's control, such as relocation out of Project Area No. 3 by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the Local Obligations. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIII A of the State Constitution," Article XIII A 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 inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Pledged Tax Revenues available to pay principal and interest on the Local Obligations.

In addition to the other limitations on, and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, described herein under the heading "RISK FACTORS," the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Tax Revenues allocated to the

Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledge Tax Revenues and adversely affect the source of repayment and security of the Local Obligations and therefore on the Authority's ability to make timely payments of principal of and interest on the Bonds.

Risks to Real Estate Market

The Successor Agency's ability to make payments on the Local Obligations will be dependent upon the economic strength of Project Area No. 3. The general economy of Project Area No. 3 will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within each of Project Area No. 3 could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of Project Area No. 3, the owners of property within Project Area No. 3 may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Successor Agency from Project Area No. 3.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value 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 percent 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. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. The Authority is unable to predict if any adjustments to the full cash value of real property within Project Area No. 3, whether an increase or a reduction, will be realized in the future.

Development Risks

The general economy of Project Area No. 3 will be subject to all the risks generally associated with real estate development. Projected development within Project Area No. 3 may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within Project Area No. 3 could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development within Project Area No. 3 is delayed or halted, the economy of Project Area No. 3 could be affected. If such events lead to a decline in assessed values they could cause a reduction in Pledged Tax Revenues for Project Area No. 3. In addition, if there is a decline in the general economy of Project Area No. 3, the owners of property within Project Area No. 3 may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the Pledged Tax Revenues received by the Successor Agency from Project Area No. 3. In addition, the insolvency or bankruptcy of one or more large owners of property within Project Area No. 3 could delay or impair the receipt of Pledged Tax Revenues by the Successor Agency.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in Project Area No. 3, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Local Obligations. Any reduction in Pledged Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the Local Obligations and therefor on the Authority's ability to make timely payments of principal of and interest on the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the 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 State Department of Finance for approval, a Recognized Obligation Payment Schedule 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. Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

If a Successor Agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the Successor Agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the State Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the County Auditor-Controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local Successor Agency and school entity, to the extent applicable, amounts required for

pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (ii) second, on each January 2 and June 1, to the Successor Agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to the Successor Agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Local Obligations in Recognized Obligation Payment Schedules for each six-month period and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indentures or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period.

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Future Implementation of Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by *Syncora Guarantee Inc. and Syncora Capital Assurance Inc.* (collectively, "Syncora") 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). 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 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.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora’s constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora’s takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency’s ability to timely pay debt service on the Local Obligations and therefore on the Authority’s ability to make timely payments of principal of and interest on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Local Obligations and the Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Estimated Revenues

In estimating that Revenues will be sufficient to pay debt service on the Bonds, the Authority has made certain assumptions with regard to present and future assessed valuation in Project Area No. 3, future tax rates and percentage of taxes collected. The Authority believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Revenues available to pay debt service on the Bonds will be less than those projected and such reduced Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Assumptions and Projections

To estimate the Pledged Tax Revenues available to pay debt service on the Local Obligations, the Fiscal Consultant has made certain assumptions with regard to present and future assessed valuation in Project Area No. 3, future tax rates and percentage of taxes collected. The Authority 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 Pledged Tax Revenues available to pay debt service on the Local Obligations and therefor on the Authority's ability to pay the principal of and interest on the Bonds may be less than those projected. No assurance can be made that the aggregate coverage projections with respect to the Bonds will be met.

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," "project," "expect," "anticipate," "intend," "believe," "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 that 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. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within Project Area No. 3. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition 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 Project Area No. 3 be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Natural Disasters

The value of the property in Project Area No. 3 in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in Project Area No. 3 could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Pledged Tax

Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the Local Obligations or the Authority's ability to pay debt service on the Bonds.

Secondary Market

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

Concentration of Ownership

The risk of reduction in assessed value as a result of factors described herein may generally increase where the assessed value within Project Area No. 3 is concentrated among a relatively few number of property owners. Ownership of property in Project Area No. 3 is highly concentrated, with the largest property owner, Majestic Realty Co., accounting for 23.17% of the Fiscal Year 2014-15 assessed valuation and 26.26% of Project Area No. 3 incremental value. Significant reduction in the assessed values of this property owner could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the Bonds as such payments become due and payable. See footnote (1) to the table under the caption "PROJECT AREA NO. 3 - Top Ten Taxable Property Owners" for a description of the leasing operations of Majestic Realty Corp.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, *ad valorem* taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

Collections. Secured and unsecured property 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. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each 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. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within Project Area No. 3, Pledged Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. The County's administrative charge to the Successor Agency for Fiscal Year 2014-15 is \$816,843.64.

Statutory Pass-Through Amounts. The payment of Statutory Pass-Through Amounts (defined in APPENDIX A) results from (i) plan amendments which add territory in existing project areas on or after January 1, 1994 and (ii) from plan amendments which eliminates one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Statutory Pass-Through Amounts" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to Project Area No. 3.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the 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 State Department of Finance for approval, a Recognized Obligation Payment Schedule

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. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule" and "RISK FACTORS – Recognized Obligation Payment Schedule."

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive that 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 is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides 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 provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county 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.

Article XIII A of the State Constitution

Article XIII A limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. 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." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchase” and “change of ownership,” for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature’s action, the growth of property tax revenues may decline.

Legislation enacted by the 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 this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIII B

Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment Successor Agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an Successor Agency of proceeds of taxes levied by or on behalf of an Successor Agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Articles XIII C and XIII D of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See also “– Propositions 218 and 26” below.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State 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 certain bonded indebtedness issued by a taxing entity (not the Predecessor Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code 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.

Propositions 218 and 26

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

Future Initiatives

Article XIII A, Article XIII B, Article XIIC and Article XIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency’s ability to expend revenues.

TAX MATTERS

2015A Bonds

Tax Exemption. The Internal Revenue Code of 1986 (the “Code”) imposes certain requirements that must be met subsequent to the issuance and delivery of the 2015A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2015A Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the 2015A Bonds. The Authority has covenanted to maintain the exclusion of the interest on the 2015A Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2015A Bonds is exempt from personal income taxes of the State and, assuming compliance with the covenants mentioned herein, interest on the 2015A Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. It is the further opinion of Bond Counsel that, under existing statutes, regulations, rulings and court decisions, the 2015A Bonds are not “specified private activity bonds” within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the 2015A Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on 2015A Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Pursuant to the Indenture and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, to be delivered by the Authority in connection with the issuance of the 2015A Bonds, the Authority will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion pursuant to section 103(a) of the Code of interest on the 2015A Bonds from the gross income of the owners thereof

for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by the Authority with its covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the 2015A Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the 2015A Bonds, or the interest thereon, if any action is taken with respect to the 2015A Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the 2015A Bonds may affect the tax status of interest on the 2015A Bonds or the tax consequences of the ownership of the 2015A Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an audit of the 2015A Bonds is commenced, it is likely that under current procedures the Service would treat the Authority as the "taxpayer" and that the owners would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the 2015A Bonds, the Authority may have different or conflicting interests from the owners. Public awareness of any such examination of the 2015A Bonds could adversely affect the value and liquidity of the 2015A Bonds during the pendency of the examination, regardless of its ultimate outcome.

No assurance can be given that future legislation, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the exemption of interest on the 2015A Bonds from personal income taxation by the State or of the exclusion of the interest on the 2015A Bonds from the gross income of the owners thereof for federal income tax purposes.

A copy of the proposed form of opinion of Bond Counsel relating to the 2015A Bonds is attached hereto as Appendix B.

Tax Accounting Treatment of Bond Premium and Original Issue Discount. To the extent that a purchaser of a 2015A Bond acquires that 2015A Bond at a price in excess of its "stated redemption price at maturity" (within the meaning of section 1273(a)(2) of the Code), such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its 2015A Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the 2015A Bond to the owner.

Persons considering the purchase of 2015A Bonds with initial bond premium should consult with their own tax advisors with respect to the determination of amortizable bond premium on such 2015A

Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2015A Bonds. Bond Counsel will express no opinion regarding any such tax consequence.

The excess, if any, of the stated redemption price at maturity of 2015A Bonds of a maturity over the initial offering price to the public of the 2015A Bonds of that maturity is “original issue discount.” Original issue discount accruing on a 2015A Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that 2015A Bond. Original issue discount on any 2015A Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the 2015A Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a 2015A Bond accruing during each period is added to the adjusted basis of such 2015A Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2015A Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of 2015A Bonds who purchase such 2015A Bonds other than at the initial offering price and pursuant to the initial offering

Persons considering the purchase of 2015A Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such 2015A Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2015A Bonds. Bond Counsel will express no opinion regarding any such tax consequence.

Other Tax Consequences. Although interest on the 2015A Bonds may be exempt from California personal income tax and excluded from the gross income of the owners thereof for federal income tax purposes, an owner’s federal, state or local tax liability may be otherwise affected by the ownership or disposition of the 2015A Bonds. The nature and extent of these other tax consequences will depend upon the owner’s other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the 2015A Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2015A Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the 2015A Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the 2015A Bonds, (iii) interest on the 2015A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the 2015A Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the 2015A Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the 2015A Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel will express no opinion regarding any such other tax consequence.

2015B Bonds

State Tax Exemption. In the opinion of Bond Counsel, under existing law interest on the 2015B Bonds is exempt from personal income taxes of the State. Except as stated in the immediately preceding sentence, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt

of interest on, or the ownership or disposition of, the 2015B Bonds. A copy of the form of opinion of Bond Counsel relating to the 2015B Bonds is included in Appendix B.

Federal Income Tax Considerations. The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the 2015B Bonds. The discussion is based upon the Code, United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a 2015B Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the 2015B Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the 2015B Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire 2015B Bonds in connection with the performance of services, or persons deemed to sell 2015B Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will hold the 2015B Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such 2015B Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the 2015B Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCE TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2015B BONDS.

Interest on the 2015B Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the 2015B Bonds from gross income for federal income tax purposes. The Authority has taken no action to cause, and does not intend, interest on the 2015B Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The Authority intends to treat the 2015B Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. **THE AUTHORITY EXPECTS THAT THE INTEREST PAID ON A 2015B BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.**

Disposition of 2015B Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount. An owner of 2015B Bonds will generally recognize gain or loss on the sale or exchange of the 2015B Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued

interest) and the owner's adjusted tax basis in the 2015B Bonds. Generally, the owner's adjusted tax basis in the 2015B Bonds will be the owner's initial cost, increased by original issue discount (if any) previously included in the owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner's holding period for the 2015B Bonds.

Under current law, a purchaser of a 2015B Bond who did not purchase that 2015B Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such 2015B Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such 2015B Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that 2015B Bond (or, in the case of a 2015B Bond bearing original issue discount, is less than the "revised issue price" of that 2015B Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire 2015B Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such 2015B Bonds could have a material effect on the market value of such 2015B Bonds.

Stated Interest and Reporting of Interest Payments. The stated interest on the 2015B Bonds will be included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the 2015B Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each owner of a 2015B Bond for federal income tax purposes.

Original Issue Discount. If the first price at which a substantial amount of the 2015B Bonds of any stated maturity is sold (the "Issue Price") is less than the face amount of those 2015B Bonds, the excess of the face amount of each 2015B Bond of that maturity over the Issue Price of that maturity is "original issue discount". If the original issue discount on a 2015B Bond is less than the product of one quarter of one percent of its face amount times the number of complete years to its maturity, the original issue discount on that 2015B Bond will be treated as zero. Original issue discount on a 2015B Bond will be amortized over the life of the 2015B Bond using the "constant yield method" provided in the Treasury Regulations. As the original issue discount on a 2015B Bond accrues under the constant yield method, the owner of that 2015B Bond, regardless of its regular method of accounting, will be required to include such accrued amount in its gross income as interest. This can result in taxable income to the owners of the 2015B Bonds that exceeds actual cash distributions to the owners in a taxable year. To the extent that a 2015B Bond is purchased at a price that exceeds the sum of the Issue Price of that 2015B Bond and all original issue discount previously includible by any holder in gross income (the "revised issue price" of that 2015B Bond), the subsequent accrual of original issue discount to that purchaser must be reduced to reflect that premium.

The amount of the original issue discount that accrues on the 2015B Bonds each taxable year will be reported annually to the Service and to the owners. The portion of the original issue discount included in each owner's gross income while the owner holds the 2015B Bonds will increase the adjusted tax basis of the 2015B Bonds in the hands of such owner.

Amortizable Bond Premium. An owner that purchases a 2015B Bond for an amount that is greater than its stated redemption price at maturity will be considered to have purchased the 2015B Bond with “amortizable bond premium” equal in amount to such excess. The owner may elect to amortize such premium using a constant yield method over the remaining term of the 2015B Bond and may offset interest otherwise required to be included in respect of the 2015B Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a 2015B Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a 2015B Bond. However, if the 2015B Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the 2015B Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Owners of the 2015B Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the 2015B Bonds as well as gain on the sale of a 2015B Bond.

Defeasance. Persons considering the purchase of a 2015B Bond should be aware that the bond documents permit the Authority under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Indenture (a “defeasance”). A defeasance could result in the realization of gain or loss by the owner of a 2015B Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Owners of 2015B Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Backup Withholding. Under section 3406 of the Code, an owner of the 2015B Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” of current or accrued interest on the 2015B Bonds or with respect to proceeds received from a disposition of the 2015B Bonds. This withholding applies if such owner of 2015B Bonds: (i) fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the 2015B Bonds. Owners of the 2015B Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the

conduct of a United States trade or business. Assuming the interest income of such an owner of the 2015B Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner’s United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the 2015B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the 2015B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the 2015B Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the 2015B Bonds, including the applicability and effect of any state, local, or foreign tax law, and of any proposed change of applicable law.

UNDERWRITING

The 2015A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the 2015A Bonds at a price of \$_____ (being the principal amount of the 2015A Bonds [plus/less] a net original issue [premium/discount] of \$_____ and less an underwriter’s discount of \$_____). The Underwriter will purchase all of the 2015A Bonds if any are purchased.

The 2015B Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the 2015B Bonds at a price of \$_____ (being the principal amount of the 2015B Bonds [plus/less] a net original issue [premium/discount] of \$_____ and less an underwriter’s discount of \$_____). The Underwriter will purchase all of the 2015B Bonds if any are purchased.

FINANCIAL ADVISOR

The Successor Agency has retained the Financial Advisor in connection with the authorization, issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, an independent certificated public accountant, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules

provided to them that were prepared by the Underwriter, relating to the sufficiency of monies deposited into the Escrow Funds created under the Escrow Agreements to redeem all of the outstanding Refunded Bonds on the Redemption Dates.

The report of the Verification Agent, 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 date or information coming to its attention, subsequent to the date of its report.

LITIGATION

There is no action, suit or proceeding known to the Authority to be pending and notice of which has been served upon and received by the Authority, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority taken with respect to any of the foregoing.

The Successor Agency has filed no lawsuits and is not involved in any current litigation in connection with the dissolution of redevelopment. However, there are numerous lawsuits pending that could have a material impact on tax revenues available for the Local Obligations. See “RISK FACTORS – Future Implementation of the Dissolution Act.”

RATINGS

Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services, LLC Company (“S&P”) has assigned its rating of “___” to the Bonds. The ratings reflect only the view of S&P as to the credit quality of the Bonds, and explanation of the significance of the ratings may be obtained from S&P. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated as of June 1, 2015 (the “Continuing Disclosure Agreement”), by and between the Authority and _____ as Dissemination Agent, the Authority has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority not later than eight (8) months following the end of the Authority’s Fiscal Year (which Fiscal Year presently ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year 2015-16, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events, if any, will be filed by the Authority or its agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of certain enumerated events is set forth in “APPENDIX D-1 – FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission.

Pursuant to a Continuing Disclosure Agreement, dated as of June 1, 2015 (the “Continuing Disclosure Agreement”), by and between the Successor Agency and _____ as Dissemination Agent, the Successor Agency has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency not later than eight (8) months following the end of the Successor Agency’s Fiscal Year (which Fiscal Year presently ends on June 30) (the “Annual Report”), commencing with the report for Fiscal Year 2014-15,

and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events, if any, will be filed by the Successor Agency or its agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of certain enumerated events is set forth in “APPENDIX D-2 – FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with the Rule.

[insert any applicable filing details regarding the Authority and Successor Agency] On March 27, 2014, the City adopted Continuing Disclosure Compliance Procedures to assist the City, the Authority and the Successor Agency in complying with its undertakings under the Rule.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the Bonds is subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, to be delivered in substantially the form set forth in Appendix B herein. Burk, Williams & Sorensen, LLP, Los Angeles, California, is serving as Authority Counsel. Richards, Watson & Gershon, a Professional Corporation, Los Angeles, California, is serving as Successor Agency Counsel. Bond Counsel, Authority Counsel and Successor Agency Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Norton Rose Fulbright US LLP, Los Angeles, California, is serving as Disclosure Counsel to the Authority, and Nixon Peabody LLP, Los Angeles, California, is serving as Underwriter’s Counsel.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement by their Executive Directors has been duly authorized by the Authority and the Successor Agency.

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

By: _____
Executive Director

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

APPENDIX B
FORM OF BOND COUNSEL OPINION

APPENDIX C

BOOK-ENTRY SYSTEM

The information in this APPENDIX C concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Appendix. 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 Successor 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. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the

event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX D-1

FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT

APPENDIX D-1

FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the City of Industry Public Facilities Authority (the “Authority”) and [Dissemination Agent], as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$[2015A Par Amount] aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) (the “Series 2015A Bonds”) and \$[2015B Par Amount] aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) (the “Series 2015B Bonds” and, together with the 2015A Bonds, the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2015 (the “Indenture”), by and between the City of Industry Public Facilities Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Authority and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the Owners and Beneficial Owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Section 3 this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Authority for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(c) of this Disclosure Agreement.

“Beneficial Owner” shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

“Dissemination Agent” shall mean initially, [Dissemination Agent], acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority, and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the Authority, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated _____, 2015, relating to the Bonds.

“Owner” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision and Contents of Annual Report.

(a) So long as any Bonds remain outstanding, the Authority shall, or shall cause the Dissemination Agent to, not later than eight (8) months occurring after the end of the Authority’s Fiscal Year, commencing with the Fiscal Year ended June 30, 2015, provide to the MSRB, through EMMA, a copy of its Annual Report.

(b) Each Annual Report shall contain Audited Financial Statements and shall also contain Annual Financial Information consisting of the following information for the immediately prior Fiscal Year: [(i) the aggregate annual debt service for the Bonds, (ii) the actual amount of Pledged Tax Revenues received by the Trustee for deposit in the Revenue Fund, (iii) the actual amount of Override Settlement Allocation received by the Trustee for deposit in the Revenue Fund, (iv) the actual amount of Surplus Override Settlement Allocation received by the Trustee for deposit in the Revenue Fund, (v) the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund, and (vi) the debt service coverage with respect to the Bonds based on the actual amount of Total Revenue received by the Trustee for deposit in the Revenue Fund.]

(c) If the Authority's Audited Financial Statements are not available by the time such Audited Financial Statements are required to be filed pursuant to Section 3(a), the Authority shall submit unaudited financial statements. When the Audited Financial Statements are available, the Authority shall provide in a timely manner an electronic copy to the Dissemination Agent for filing with the MSRB. The Annual Report, or portions thereof, may be contained in the City of Industry's comprehensive annual financial report ("CAFR") and submission of such CAFR to the MSRB through EMMA shall constitute compliance for submission of those portions of the Annual Report.

(d) The Annual Report must be submitted in electronic format, accompanied by such identifying information as required by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3(f) of this Disclosure Agreement. If the Fiscal Year changes for the Authority, the Authority shall give notice of such change in the manner provided under Section 5(e) hereof.

(e) Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Authority or related public entities, available to the public on EMMA or filed with the SEC. The Authority shall clearly identify each such other document so included by reference.

(f) The contents, presentation and format of the Annual Report may be modified from time to time as determined in the judgment of the Authority to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Authority or to reflect changes in the business, structure, operations, legal form of the Authority.

(g) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(h) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB prior to the date for providing the Annual Reports; and

(ii) to the extent known to the Dissemination Agent file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Reserved.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) tender offers;
- (iv) rating changes;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (vii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (viii) substitution of credit or liquidity providers or their failure to perform; or
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States 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 Authority, or if such jurisdiction has been assumed by leaving the existing governing 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 Authority.

(b) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) the consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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;

(ii) appointment of a successor or additional Trustee or the change of the name of a Trustee;

(iii) non-payment related defaults;

(iv) modifications to the rights of Owners;

(v) Bond calls;

(vi) release, substitution or sale of property securing repayment of the Bonds;

or

(vii) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Authority shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Authority determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Authority shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to EMMA in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all Outstanding Bonds. If such termination occurs prior to

the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing' a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of outstanding Bonds with indemnification satisfactory to it, shall), or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority), as the case may be, to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Dissemination Agent (if the Dissemination Agent is other than the Authority) to comply with this Disclosure Agreement shall be an action to compel performance. The Trustee shall not owe any fiduciary duty to the Participating Underwriter nor shall its failure to comply with the request of any Participating Underwriter result in a breach of any of its fiduciary duties owed to the Owners.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as

Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. If the Trustee performs the duties assigned to it hereunder, the Trustee shall not be responsible to any person for any failure by the Authority or the Dissemination Agent (if other than the Trustee) to perform duties or obligations imposed hereby. The Dissemination Agent shall have the same rights and protections hereunder as accorded to the Trustee under the Indenture. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any owner of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Authority.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

[Remainder of page intentionally left blank.]

SECTION 14. Governing Law. This Disclosure Agreement shall be governed and construed in accordance with the laws of the State.

SECTION 15. 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.

Dated: as of June 1, 2015

CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY

By _____
Executive Director

[DISSEMINATION AGENT], as Dissemination
Agent

By _____
Authorized Officer

EXHIBIT A
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Industry Public Facilities Authority (the “Authority”)

Name of Bond Issue: \$[2015A Par Amount] City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) and \$[2015B Par Amount] City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable)

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 1, 2014, with respect to the Bonds. [The Authority anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

[DISSEMINATION AGENT]
as Dissemination Agent

on behalf of the Authority

APPENDIX D-2

FORM OF SUCCESSOR AGENCY CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUND - JUNE 30, 2014

APPENDIX F

STATE DEPARTMENT OF FINANCE APPROVAL LETTER

APPENDIX G

SUPPLEMENTAL INFORMATION – THE CITY OF INDUSTRY

APPENDIX H-1
FISCAL CONSULTANT'S AUTHORITY REPORT

APPENDIX H-2

FISCAL CONSULTANT'S SUCCESSOR AGENCY REPORT

\$ _____
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds,
Series 2015A
(Transportation-Distribution-Industrial
Redevelopment Project No. 3)
(Tax-Exempt)

\$ _____
City of Industry Public Facilities Authority
Tax Allocation Revenue Refunding Bonds,
Series 2015B
(Transportation-Distribution-Industrial
Redevelopment Project No. 3)
(Taxable)

BOND PURCHASE AGREEMENT

May [__], 2015

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement with the City of Industry Public Facilities Authority (the “Authority”) and the Successor Agency to the Redevelopment Agency of the City of Industry (the “Successor Agency” and, together with the Authority, the “Industry Entities”), which, upon the Industry Entities’ acceptance hereof, will be binding upon the Industry Entities and the Underwriter. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Industry Entities and the delivery of such acceptance to the Underwriter or its attorney at or prior to 6:00 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Industry Entities at any time prior to the acceptance hereof by the Industry Entities.

1. Definitions. All capitalized terms not defined herein shall have the meanings ascribed to them in the Official Statement (as defined below). Unless a different meaning clearly appears from the context, the following words and terms shall have the following meanings, respectively:

“2015A Bonds” means \$_____ aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) .

“2015B Bonds” means \$_____ aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) .

“2015B Bonds” means \$_____ aggregate principal amount of City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) .

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Authority Bond Resolution” means, collectively, (i) Authority Resolution No. PFA 2014-5 adopted by the Authority’s Board of Directors on December 11, 2014 which authorized the Authority’s issuance of the Bonds and entry into the Authority Indenture, and (ii) Authority Resolution No. PFA 2015-[_] adopted by the Authority’s Board of Directors on May [__], 2015 which authorized the Authority’s entry into this Bond Purchase Agreement and the Authority Continuing Disclosure Agreement, and the preparation, use and distribution of the Preliminary Official Statement and the Official Statement.

“Authority Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, between the Authority and [_____], as Dissemination Agent.

“Authority Legal Documents” means the Indenture, the Authority Continuing Disclosure Agreement and the Tax Certificate.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584 of the Government Code of the State), as amended from time to time.

“Bond Purchase Agreement” means this Bond Purchase Agreement.

“Bonds” means, collectively, the 2015A Bonds and the 2015B Bonds.

“Business Day” means any day other than a Saturday, Sunday or legal holiday in the State or in New York, New York or a day on which either the Trustee or the Industry Entities are legally authorized to close.

“City” means the City of Industry, California.

“Closing Date” has the meaning given such term in Section 7 hereof.

“Closing Time” means the time at which payment for and delivery of the Bonds shall occur, as established pursuant to Section 7 hereof.

“Continuing Disclosure Agreements” means, collectively, the Authority Continuing Disclosure Agreement and the Successor Agency Continuing Disclosure Agreement.

“End Date” has the meaning set forth in Section 2 hereof.

“Indenture” means the Indenture of Trust (Project Area No. 3), dated as of [_____] 1, 2015, between the Authority and U.S. Bank National Association, as Trustee.

“Legal Documents” means, collectively, the Authority Legal Documents and the Successor Agency Legal Documents.

“Local Obligation Indenture” means the Indenture of Trust (Project Area No. 3), dated as of [_____] 1, 2015, between the Successor Agency and U.S. Bank National Association, as trustee.

“Local Obligations” means, collectively, the Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) and the Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable).

“Official Statement” means the Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Pledged Tax Revenues” means (a) all taxes annually allocated to the Successor Agency with respect to Project Area No. 3 following the date of issuance and delivery of the Local Obligations (the “Delivery Date”) pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code and section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, and including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemption and tax limitations; but excluding all other amounts of such taxes (if any) (i) which are required by law on the Delivery Date to be deposited by the Successor Agency in a housing fund, if any, (ii) amounts payable by the State to the Successor Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) any amounts payable by the Successor Agency pursuant to sections 33607.5 or 33607.7 of the Health and Safety Code, but only to the extent such amounts are not subordinated to payment of debt service on the Bonds and any parity debt authorized under the Prior 2002 Indenture or Prior 2003 Indenture; and (iv) amounts of such taxes (if any) which are required to be paid to any other public agency under Article 6 of Chapter 6 (commencing with section 33670) of the Health and Safety Code or under agreement between the Successor Agency and such public agency and (b) all taxes distributed by the County of Los Angeles Auditor-Controller from the Redevelopment Property Tax Trust Fund that are received by the Successor Agency, if any, resulting from the levy of an *ad valorem* tax by the City pursuant to voter authorization at a special municipal election on June 20, 1978 that were pledged to the Refunded Bonds.

“Preliminary Official Statement” means the Preliminary Official Statement of the Authority, dated [_____] [___], 2015, relating to the Bonds, together with the cover page thereof and all appendices, exhibits, amendments and supplements thereto.

“Refunding Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

“State” means the State of California.

“Successor Agency Bond Resolution” means, collectively, the Successor Agency Resolution No. SA 2014-07 adopted by the Successor Agency’s Board of Directors on December 11, 2014, as approved by the Oversight Board for the Successor Agency in Resolution No. OB 2014-30 adopted on December 11, 2014, and the State Department of Finance as evidenced in a letter to the Successor Agency dated January 22, 2015, all of which authorized and approved the Successor Agency’s issuance of the Local Obligations and entry into the Local Obligation Indenture.

“Successor Agency Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the date of issuance of the Local Obligations, between the Successor Agency and [_____], as Dissemination Agent.

“Successor Agency Legal Documents” means the Local Obligation Indenture, the Successor Agency Continuing Disclosure Agreement [and the Successor Agency Tax Certificate].

“Tax Certificate” means the Tax Certificate of the Authority relating to the 2015A Bonds dated the Closing Date.

2. Use and Preparation of Official Statement; Continuing Disclosure Agreements.
The Authority has heretofore delivered to the Underwriter electronic copies of the Preliminary Official Statement, which the Authority hereby deems final as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Authority shall prepare and deliver to the Underwriter, as promptly as practicable, but in no event later than seven (7) Business Days from the date hereof and at least two (2) Business Days prior to the Closing Date, whichever occurs first, a final Official Statement, with such changes and amendments as may be agreed to by the Underwriter, in such form and quantities as the Underwriter may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Authority hereby ratifies, confirms and approves the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement, and hereby authorizes the Underwriter to use and distribute the Official Statement and all information contained therein in connection with the public offering and sale of the Bonds. The Underwriter agrees to promptly file a copy of the Official Statement, including any supplements prepared by the Authority, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Authority shall deliver sufficient copies of the Official Statement to enable the Underwriter to distribute a single copy to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on a date referred to herein as the “End Date,” which is the date when the Official Statement becomes available through EMMA, but in no event less than 25 days after the end of the underwriting period (as defined in Rule 15c2-12). On the Closing Date the Authority may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriter.

In any event, the Underwriter shall promptly notify the Authority of the end of the underwriting period.

The Industry Entities will undertake pursuant to the Continuing Disclosure Agreements, to be dated the date of issuance of the Bonds, to provide certain annual financial and operating information and certain event notices. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

3. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority the 2015A Bonds for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[_____] aggregate principal amount of the 2015A Bonds at an aggregate purchase price of \$[_____] (the “Purchase Price”), representing the aggregate principal amount of the 2015A Bonds, plus an original issue premium of \$[_____] , less an underwriter’s discount of \$[_____].

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority the 2015B Bonds for offering to the public, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[_____] aggregate principal amount of the 2015B Bonds at an aggregate purchase price of \$[_____] (the “Purchase Price”), representing the aggregate principal amount of the 2015B Bonds, less an underwriter’s discount of \$[_____].

4. The Bonds and the Local Obligations. The principal amounts, maturity dates, interest rates and prices with respect to the Bonds shall be as described in the Official Statement and in Exhibit A hereto. The principal amounts, maturity dates, interest rates and prices with respect to the Local Obligations shall be as described in Exhibit A hereto.

5. Public Offering of the Bonds. Except as otherwise disclosed and agreed to by the Authority, the Underwriter agrees to make a bona fide public offering of the Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Exhibit A hereto; provided, however, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and to sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Official Statement. A “bona fide public offering” shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

6. Use of Documents. The Industry Entities hereby authorize the Underwriter to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Agreement, the Preliminary Official Statement the Official Statement and the Legal Documents, and the information contained herein and therein.

7. Closing. The Closing Time shall be no later than 10:00 a.m., Pacific time, on [_____] [___], 2015, or at such other time or on such later date as shall have been mutually agreed upon by the Authority and the Underwriter (the “Closing Date”). At the Closing Time, the Authority will deliver or cause to be delivered the Bonds to the Underwriter through The Depository Trust Company (“DTC”) in definitive or temporary form, duly executed by the Authority, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the Purchase Price in immediately available funds to the Trustee.

The Bonds will be registered in the name of “Cede & Co.” as nominee of DTC. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Agreement.

Delivery of the Bonds will be made through the book-entry system of DTC, and all other actions to be taken at the Closing Time, including the delivery of the items set forth in Section 9 hereof, shall take place at the offices of Norton Rose Fulbright US LLP, Los Angeles, California, or at such other place as shall have been mutually agreed upon by the Authority and the Underwriter.

8. Representations, Warranties and Agreements of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City and the Industrial Development Agency of the City of Industry, and under the provisions of the Act, and is authorized pursuant to the Bond Law to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies. The Authority has the power to issue the Bonds pursuant to the Act, the Bond Resolution and the Indenture.

(b) The Authority has full legal right, power and authority under the Constitution and the laws of the State to adopt the Bond Resolution, to enter into the Authority Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Bonds to the Underwriter as provided herein; the Authority has full legal right, power and authority to perform its obligations under the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Authority has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Act, and laws of the State, and the terms of the Bond Resolution, the Bonds, the Authority Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Authority has duly adopted the Bond Resolution, has duly authorized the preparation and distribution of the Preliminary Official Statement, and the preparation, execution and delivery of the Official Statement, has duly

authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds, this Bond Purchase Agreement and the Authority Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Bond Resolution, and the Authority Legal Documents. When executed and delivered by their respective parties, the Authority Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and the Indenture, and sold to the Underwriter as provided herein, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Indenture and the Bond Resolution.

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Bonds and the execution, delivery of and performance of the Authority Legal Documents by the Authority have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Authority is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject (including, without limitation, the Bond Resolution and the Authority Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Bond Resolution, the issuance, delivery and sale of the Bonds and the execution and delivery of this Bond Purchase Agreement and the Authority Legal Documents and compliance with the Authority's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or

compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instruments, except as provided by the Bond Resolution and the Authority Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Authority's knowledge, threatened against the Authority: (i) in any way affecting the existence of the Authority or in any way challenging the respective powers of the several offices or the titles of the officials of the Authority to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the application of the proceeds of the sale of the Bonds; (iii) in any way contesting or affecting, as to the Authority, the validity or enforceability of the Act, the proceedings authorizing the Bond Resolution, the Bonds, the Authority Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Authority or its authority with respect to issuance or delivery of the Bonds, the adoption of the Bond Resolution, or the execution and delivery of the Authority Legal Documents or this Bond Purchase Agreement; (v) contesting the exclusion from gross income of interest on the 2015A Bonds for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the Authority to perform and satisfy its obligations under this Bond Purchase Agreement, the Authority Legal Documents or the Bonds; nor to the best of the Authority's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement or the performance by the Authority of its obligations thereunder, or the authorization, execution, delivery or performance by the Authority of the Bonds, the Bond Resolution, the Authority Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Authority will not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority or except for the issuance and sale of the Authority's City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Tax-Exempt) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) in the aggregate principal amount of \$_____, its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) in the aggregate principal amount of \$_____, and its City of Industry Public Facilities Authority Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) in the aggregate principal amount of \$_____.

(i) The Authority will furnish such information, execute such instruments, and take such other action in cooperation with and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; and the Authority will use commercially reasonable efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to take any action which would subject itself to service of process in any jurisdiction in which it is not already so subject, and will provide prompt written notice to the Underwriter of receipt by the Authority of any written notification with regard to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(j) The Authority has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Act, the Bond Resolution and the Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2015A Bonds.

(k) The Bonds, when issued, will conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption “THE BONDS” and Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”; the proceeds of the Bonds, when issued, will be applied generally as described in the Preliminary Official Statement and the Official Statement under the captions “INTRODUCTION — General,” “— The Plan of Refunding” and “PLAN OF REFUNDING”; and the Bond Resolution and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(l) The Preliminary Official Statement (other than information allowed to be omitted by Rule 15c2-12), as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom the information contained under the caption “UNDERWRITING,” the yield set forth on the inside cover page, all information concerning the book-entry system set forth under the caption “THE BONDS — Book-Entry System” and in Appendix C, and the information set forth in Appendices H-1 and H-2 as to which no representations or warranties are made, and the information in Appendix G which is correct in all material respects (collectively, the “Excluded Information”).

(m) As of the date hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 8) at all times subsequent thereto, up to and including the Closing Time, the Official Statement (excluding therefrom the Excluded Information) did not and does not contain any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements in the Official Statement, in the light of the circumstances under which they are made, not misleading.

(n) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 8, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Time, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) The Authority shall not amend or supplement the Official Statement without the prior written consent of the Underwriter. If between the date hereof and the Closing Time, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriter thereof, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter.

(p) Except as described in the Preliminary Official Statement and the Official Statement, the Authority has not granted a lien on or made a pledge of the Revenues or any other funds pledged under the Indenture.

(q) The Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(r) Prior to the Closing Time, the Authority will not take any action within or under its control, other than actions in the normal course of operation, that will cause any material adverse change in such financial position, results of operations or condition, financial or otherwise, of the Authority.

(s) Upon the delivery of the Bonds, the aggregate principal amount of Bonds authorized to be issued under the Indenture will not in combination with all outstanding debt obligations of the Authority exceed any limitation imposed by law.

(t) The Authority has complied during the previous five years with all previous undertakings required pursuant to Rule 15c2 12.

(u) Any certificate, signed by any official of the Authority in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

8-A. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents, warrants and agrees with the Underwriter that:

(a) The Successor Agency is a public body corporate and politic, duly organized and existing under the laws of the State, particularly Parts 1.8 (commencing with

Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State (the “Dissolution Act”) and City Council of the City Resolution No. CC 2011-20 adopted on September 22, 2011, and has the power to issue the Local Obligations pursuant to the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture.

(b) The Successor Agency has full legal right, power and authority under the Constitution and the laws of the State to cause the collection of the Pledged Tax Revenues, to adopt the Successor Agency Bond Resolution, to enter into the Successor Agency Legal Documents and this Bond Purchase Agreement, and to sell, issue and deliver the Local Obligations to the Authority as provided herein; the Successor Agency has full legal right, power and authority to perform its obligations under the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement, and to carry out and consummate the transactions contemplated thereby and hereby and by the Official Statement; except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has complied with, or will at the Closing Time be in compliance with, in all respects material to this transaction, the Constitution, the Refunding Law and the laws of the State, and the terms of the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents and this Bond Purchase Agreement.

(c) By all necessary official action, the Successor Agency has duly adopted the Successor Agency Bond Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Local Obligations, this Bond Purchase Agreement and the Successor Agency Legal Documents, and the consummation by it of all other transactions contemplated by this Bond Purchase Agreement, the Successor Agency Bond Resolution, and the Successor Agency Legal Documents. When executed and delivered by their respective parties, the Successor Agency Legal Documents and this Bond Purchase Agreement (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The Local Obligations, when issued, authenticated and delivered in accordance with the Successor Agency Bond Resolution and the Local Obligation Indenture, and sold to the Authority, will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and will be entitled to the benefits of the laws of the State, the Local Obligation Indenture and the Successor Agency Bond Resolution

(e) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the

matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the issuance, delivery or sale of the Local Obligations and the execution, delivery of and performance of the Successor Agency Legal Documents by the Successor Agency have been duly obtained.

(f) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject (including, without limitation, the Successor Agency Bond Resolution and the Successor Agency Legal Documents), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Successor Agency Bond Resolution, the issuance, delivery and sale of the Local Obligations and the execution and delivery of this Bond Purchase Agreement and the Successor Agency Legal Documents and compliance with the Successor Agency's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency or under the terms of any such law, regulation or instruments, except as provided by the Successor Agency Bond Resolution and the Successor Agency Legal Documents.

(g) As of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the Successor Agency's knowledge, threatened against the Successor Agency: (i) in any way affecting the existence of the Successor Agency or in any way challenging the respective powers of the several offices or the titles of the officials of the Successor Agency to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Local Obligations, the application of the proceeds of the sale of the Local Obligations, the levy or collection of the Pledged Tax Revenues; (iii) in any way contesting or affecting, as to the Successor Agency, the validity or enforceability of the Act, the Successor Agency Bond Resolution, the Local Obligations, the Successor Agency Legal Documents or this Bond Purchase Agreement; (iv) in any way contesting the powers of the Successor Agency or its authority with respect to issuance or delivery of the Local Obligations, the adoption of the Successor Agency Bond Resolution, or the execution and delivery of the Successor Agency Legal Documents or this Bond Purchase Agreement, or contesting the power or authority to collect the Pledged Tax Revenues; (v) contesting the exclusion from gross income of interest on the 2015A Local Obligations for federal income tax purposes; (vi) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto; or (vii) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially

adversely affect the ability of the Successor Agency to perform and satisfy its obligations under this Bond Purchase Agreement, the Successor Agency Legal Documents or the Local Obligations; nor to the best of the Successor Agency's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement or the performance by the Successor Agency of its obligations thereunder, or the authorization, execution, delivery or performance by the Successor Agency of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents or this Bond Purchase Agreement.

(h) Between the date hereof and the Closing Time, the Successor Agency will not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or in any material amount incur any material liabilities, direct or contingent, except in the course of normal business operations of the Successor Agency or relating to the Project or except its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Tax-Exempt), its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable), its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt), and its Successor Agency to the Industry Urban-Development Agency Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable).

(i) The Successor Agency has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Local Obligations as provided in and subject to all of the terms and provisions of the Refunding Law, the Successor Agency Bond Resolution and the Local Obligation Indenture, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2015A Local Obligations.

(j) Except as described in the Preliminary Official Statement and the Official Statement, the Successor Agency has not granted a lien on or made a pledge of the Pledged Tax Revenues or any other funds pledged under the Local Obligation Indenture.

(k) The Successor Agency is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(l) Upon the delivery of the Local Obligations, the aggregate principal amount of Local Obligations authorized to be issued under the Local Obligation Indenture, together with all outstanding Parity Obligations, will not in combination with all outstanding debt obligations of the Successor Agency exceed any limitation imposed by law or by the Local Obligation Indenture.

(m) Any certificate, signed by any official of the Successor Agency connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the statements made therein.

9. Conditions to the Underwriter Obligations. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and obligations of the Authority and the Successor Agency contained herein and upon the documents and instruments to be delivered at the Closing Time. Accordingly, the Underwriter obligations under this Bond Purchase Agreement shall be subject to the following conditions:

(a) The representations and warranties of the Authority and the Successor Agency contained herein shall be true and correct at the date hereof and true and correct at and as of the Closing Time, as if made at and as of the Closing Time and will be confirmed by a certificate or certificates of the appropriate Authority and the Successor Agency official or officials dated the Closing Date, and the Authority and the Successor Agency shall each be in compliance with each of the agreements and covenants made by it in this Bond Purchase Agreement;

(b) (i) At the Closing Time, the Act, the Bond Resolution, the Authority Legal Documents and the Successor Agency Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority and the Underwriter, (ii) the Authority shall perform or have performed all of its obligations required under or specified in the Act, the Bond Resolution, the Authority Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time and (iii) the Successor Agency shall perform or have performed all of its obligations required under or specified in the Act, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be performed at or prior to the Closing Time;

(c) As of the date hereof and at the Closing Time, all necessary official action of the Authority relating to this Bond Purchase Agreement, the Authority Legal Documents, the Preliminary Official Statement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Authority, the Act, the Pledged Tax Revenues, or the Bonds as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(e) Subsequent to the date hereof, up to and including the Closing Time, there shall not have occurred any change in or particularly affecting the Successor Agency, the Act, the Pledged Tax Revenues, or the Local Obligations as the foregoing matters are described in the Preliminary Official Statement and in the Official Statement, which in the reasonable

professional judgment of the Underwriter materially adversely impacts the marketability of the Bonds;

(f) At or prior to the Closing Date, the Underwriter shall receive copies of each of the following documents:

(1) A certified copy of Authority Resolution No. PFA 2014-05 adopted on December 11, 2014 authorizing and approving the Authority Indenture and the issuance of the Bonds, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(2) A certified copy of Authority Resolution No. PFA 2015-[_] adopted on May [_], 2015 approving and authorizing the Preliminary Official Statement, the Official Statement, the Authority Continuing Disclosure Agreement and the Bond Purchase Agreement, together with a certificate of the Secretary of the Authority Board of Directors to the effect that such Authority Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(3) A certified copy of the Successor Agency Resolution No. SA 2014-07 adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary of the Successor Agency Board of Directors to the effect that such Successor Agency Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(4) A certified copy of the Oversight Board for the Successor Agency Resolution No. OB 2014-30 adopted on December 11, 2014 authorizing and approving the Local Obligations Indenture and the issuance of the Local Obligations, together with a certificate of the Secretary or Clerk of the Oversight Board to the effect that such Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(5) A certified copy of the letter from the State Department of Finance to the Successor Agency dated January 22, 2015 in the form attached to the Preliminary Official Statement and Official Statement as Appendix F.

(6) A certified copy of City Council Resolution No. CC 2011-20 adopted on September 22, 2011 pursuant to which the City Council elected to serve as the Successor Agency, together with a certificate of the City Clerk to the effect that such City Council Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(7) A copy of the Validation Judgment Order in Case No. 34-2014-00173219 of the Superior Court for the County of Sacramento confirming the validity of

the Bonds, the Local Obligations, the Indenture and the Local Obligation Indenture together with a copy of the case docket showing no notice of appeal has been filed.

(8) Fully executed copies of each of the Authority Legal Documents.

(9) Fully executed copies of each of the Successor Agency Legal Documents.

(10) The Official Statement delivered in accordance with Section 2 hereof and each supplement or amendment, if any, executed on behalf of the Authority and the Successor Agency by their respective Executive Directors.

(11) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority (“Bond Counsel”), dated the Closing Date, as to the validity of the Bonds, the exclusion of interest on the 2015A Bonds from federal gross income and the exclusion of interest on the Bonds from State income taxation, addressed to the Authority substantially in the form attached as Appendix B to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(12) An approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Successor Agency, dated the Closing Date, as to the validity of the Local Obligations, the exclusion of interest on the 2015A Local Obligations from federal gross income and the exclusion of interest on the Local Obligations from State income taxation, addressed to the Successor Agency [substantially in the form attached as Appendix B to the Official Statement], and a reliance letter with respect thereto addressed to the Underwriter.

(13) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) the Bond Purchase Agreement, the Commitment Agreement and the Authority Continuing Disclosure Agreement have each been duly executed and delivered by the Authority and each is valid and binding upon the Authority, and enforceable against the Authority, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(ii) the Bond Purchase Agreement, the Commitment Agreement and the Successor Agency Continuing Disclosure Agreement have each been duly executed and delivered by the Successor Agency and each is valid and binding upon the Successor Agency, and enforceable against the Successor Agency, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(iii) the statements contained in the Preliminary Official Statement and in the Official Statement in the sections titled “THE BONDS” (other than the information concerning DTC and the book-entry system), “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “OVERRIDE REVENUES,” “TAX MATTERS” and Appendix A — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indentures, the Bonds, the Local Obligations, and the form and content of such counsel’s opinion attached as Appendix B to the Preliminary Official Statement and the Official Statement, are accurate in all material respects; and

(iv) the Bonds and the Local Obligations are not subject to the registration requirements of the Securities Act of 1933, as amended (the “1933 Act”) and the Indentures are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

(14) A letter from Norton Rose Fulbright US LLP, Disclosure Counsel, dated the Closing Date and addressed to the Authority, substantially in the form set forth in Exhibit B hereto, and a reliance letter with respect thereto addressed to the Underwriter,

(15) The opinion of Nixon Peabody LLP, Underwriter’s Counsel, addressed to the Underwriter, in form and substance acceptable to the Underwriter, covering such items as the Underwriter may request.

(16) The opinion of Burke, Williams & Sorenson, LLP, General Counsel to the Authority, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Authority has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Authority Legal Documents and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Revenues as contemplated by the Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Authority has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Authority has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Authority Legal Documents and the Bonds;

(iii) the Bond Resolution was duly adopted by the Authority Board at a meeting of the Authority Board which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Bond Resolution, the execution and delivery by the Authority of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds and the compliance with the provisions of the Bond Purchase Agreement, the Authority Legal Documents and the Bonds do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Authority a material breach of or default under any agreement or instrument to which the Authority is a party or by which it is bound;

(v) the Bonds, the Authority Legal Documents and the Bond Purchase Agreement constitute binding and legal obligations of the Authority and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Authority in any court in any way affecting the titles of the officials of the Authority to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority or its authority with respect to the Bonds, the Bond Resolution, the Authority Legal Documents or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Authority contained in the Preliminary Official Statement and the Official Statement (excluding from each any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Authority of the Authority Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriter); and

(ix) to our current actual knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Authority's ability to enter into or perform its obligations under the Authority Legal Documents and the Bond Purchase Agreement.

(17) The opinion of [_____], General Counsel to the Successor Agency, dated the Closing Date, addressed to the Underwriter and the Trustee, to the effect that:

(i) the Successor Agency has been duly organized and is validly existing under the Constitution and laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Successor Agency Bond Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement; (b) to approve and authorize the use and distribution of the Preliminary Official Statement, and the use, execution and distribution of the Official Statement; (c) to issue, sell, execute and deliver the Local Obligations; (d) to pledge the Pledged Tax Revenues as contemplated by the Local Obligation Indenture; and (e) to carry on its activities as currently conducted;

(ii) the Successor Agency has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (i) above, and the Successor Agency has duly authorized the execution and delivery of, and the due performance of its obligations under, the Bond Purchase Agreement, the Successor Agency Legal Documents, the Commitment Agreement and the Local Obligations;

(iii) the Successor Agency Bond Resolution was duly adopted at a meeting of the Successor Agency Board which was called and held pursuant

to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Successor Agency Bond Resolution;

(iv) to our current actual knowledge, the adoption of the Successor Agency Bond Resolution, the execution and delivery by the Successor Agency of the Bond Purchase Agreement, the Successor Agency Legal Documents and the Local Obligations and the compliance with the provisions of the Bond Purchase Agreement, the Successor Agency Legal Documents and the Local Obligations do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or conflict with or constitute on the part of the Successor Agency a material breach of or default under any agreement or instrument to which the Successor Agency is a party or by which it is bound;

(v) the Local Obligations, the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement constitute binding and legal obligations of the Successor Agency and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(vi) to our current actual knowledge, no litigation is pending with service of process completed, or threatened against the Successor Agency in any court in any way affecting the titles of the officials of the Successor Agency to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Local Obligations, or the collection of Pledged Tax Revenues pledged or to be pledged to pay the principal of and interest on the Local Obligations, or in any way contesting or affecting the validity or enforceability of the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Successor Agency or its authority with respect to the Local Obligations, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Bond Purchase Agreement;

(vii) nothing has come to the attention of the attorneys working for the Authority which would cause us to believe that the information pertaining to the Successor Agency, the Successor Agency Bond Resolution, the Successor Agency Legal Documents, the Commitment Agreement or the Local Obligations contained in the Preliminary Official Statement and the Official Statement (excluding any information relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the

Official Statement, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) to our current actual knowledge, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Successor Agency of the Successor Agency Legal Documents and the authorization and distribution of the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the sale of the Local Obligations); and

(ix) to our current actual knowledge, the Successor Agency is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Successor Agency's ability to enter into or perform its obligations under the Successor Agency Legal Documents, the Commitment Agreement and the Bond Purchase Agreement.

(18) A certificate, dated the Closing Date and signed by such officials of the Authority as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Authority and the Underwriter; (iii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of the Authority's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(19) A certificate, dated the Closing Date and signed by such officials of the Successor Agency as shall be satisfactory to the Underwriter, to the effect that (i) the representations, warranties and covenants of the Successor Agency contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Time with the same effect as if made at the Closing Time; (ii) the Successor Agency Bond Resolution is in full force and effect at the Closing Time and has not been amended, modified or supplemented, except as agreed to by the Successor Agency and the Underwriter; (iii) the Successor Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Time; (iv) subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Successor Agency, whether or not arising in the ordinary course of the Successor Agency's operations, as described in the Official Statement; and (v) the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and the Official Statement as of its date and as of the Closing Date (excluding therefrom the Excluded Information), did not and do not contain any untrue statement of a material fact and neither omitted nor omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(20) The audited financial statements of the Successor Agency relating to the receipts, expenditures and cash balances of Pledged Tax Revenues by the Successor Agency as of June 30, 2014, certified by the Successor Agency on the Closing Date as being correct and complete.

(21) A certified copy of the general resolution or other documentation of the Trustee authorizing the execution and delivery of the Authority Legal Documents and Successor Agency Legal Documents to which the Trustee is a party.

(22) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture;

(ii) the Trustee is duly authorized to enter into, has duly executed and delivered the Authority Legal Documents and Successor Agency Legal Documents (collectively, the "Legal Documents") to which the Trustee is a party and has duly authenticated and delivered the Bonds and the Local Obligations;

(iii) the execution and delivery of the Legal Documents to which the Trustee is a party and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default

under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(iv) the Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action, to the best of such official's knowledge after reasonable investigation, threatened against the Trustee affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Trustee is a party, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which the Trustee is a party; and

(v) the Trustee will apply the proceeds from the Bonds as provided in the Indenture and the proceeds from the Local Obligations as provided in the Local Obligation Indenture.

(23) The opinion of counsel of the Trustee, dated the Closing Date, addressed to the Authority and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Legal Documents to which it is a party and to enter into such Legal Documents;

(ii) the Legal Documents to which it is a party have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(iii) the execution, delivery and performance of the Legal Documents will not conflict with or cause a default under any law, ruling,

agreement, administrative regulation or other instrument by which the Trustee is bound;

(iv) all authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Legal Documents to which it is a party have been obtained; and

(v) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations or the application of proceeds thereof in accordance with the Legal Documents to which it is a party, or in any way contesting or affecting the Bonds or the Local Obligations or the Legal Documents to which it is a party.

(24) A certified copy of the Keyser Marston Associates (the “Fiscal Consultant”) Fiscal Consultant Report to the Authority dated [____], 2015 concerning Project No. 3 (the “Authority Fiscal Consultant Report”), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Authority Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Authority Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(25) A certified copy of the Keyser Marston Associates (the “Fiscal Consultant”) Fiscal Consultant Report to the Successor Agency dated [____], 2015 concerning Project No. 3 (the “Successor Agency Fiscal Consultant Report”), together with a certificate of the Fiscal Consultant to the effect that: (i) the assumptions, projections and conclusions in the Successor Agency Fiscal Consultant Report are reasonable and consistent with industry standards; and (ii) the Fiscal Consultant consents to the inclusion of the Successor Agency Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement.

(26) Executed copies of the Escrow Agreements pertaining to the Refunded Bonds.

(27) Executed copies of the Verification Report(s) of [_____] verifying the arithmetical calculations of the sufficiency of amounts to be deposited under the Escrow Agreements to pay the interest, principal and redemption price of the Refunded Bonds.

(28) An opinion of Bond Counsel, dated the closing date and addressed to the Successor Agency and the Trustee to the effect that upon making the deposits called for in the Escrow Agreements and in reliance on the Verification report the Refunded Bonds will no longer be outstanding under the indentures pursuant to which they were issued.

(29) A certified copy of the Authority's Amended and Restated Joint Exercise of Powers Agreement dated July 20, 2005 and any amendments thereto (collectively, the "Joint Powers Agreement").

(30) A copy certified by the Secretary of State of the Notice of Joint Powers Agreement, including any amendments.

(31) A copy of the Override Settlement Agreement between the City and the Successor Agency.

(32) Evidence of required filings with the California Debt and Investment Advisory Commission.

(33) A copy of the Blue Sky Survey with respect to the Bonds.

(34) A Tax Certificate of the Authority with respect to the 2015A Bonds, in form satisfactory to Bond Counsel, signed by such officials of the Authority as shall be satisfactory to the Underwriter.

(35) A Tax Certificate of the Successor Agency with respect to the 2015A Local Obligations, in form satisfactory to Bond Counsel, signed by such officials of the Successor Agency as shall be satisfactory to the Underwriter.

(36) Evidence as of the Closing Date satisfactory to the Underwriter that the Bonds have received a rating of "[____]" from Standard & Poor's Ratings Services (or such other equivalent rating as Standard & Poor's Ratings Services shall issue), and that such rating has not been revoked or downgraded.

(37) Two transcripts of all proceedings relating to the authorization and issuance of the Bonds and the Local Obligations, which may be in digital form (or a commitment to so provide).

(38) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the Authority and the Successor Agency with legal requirements, the truth and accuracy, as of the Closing Time, of the representations of the Authority and the Successor Agency herein contained and of the Official Statement and the due performance or satisfaction by the Authority and the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Successor Agency.

10. Termination.

(a) If the Authority or the Successor Agency shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Bond Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the Closing Time. Notice of such cancellation shall be given to the Authority and

the Successor Agency in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Authority and the Successor Agency hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter at its sole discretion.

(b) The Underwriter shall also have the right, prior to the Closing Time, to cancel its obligations to purchase the Bonds, by written notice to the Authority, if between the date hereof and the Closing Time:

(i) any event occurs or information becomes known, which, in the reasonable professional judgment of the Underwriter, makes untrue or incorrect any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(ii) the market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the judgment of the Underwriter, by:

(A) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been passed by either chamber of the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or

other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Authority or upon interest received on obligations of the general character of the 2015A Bonds and the 2015A Local Obligations which, in the reasonable judgment of the Underwriter, is likely to have the purpose or effect, directly or, indirectly, of adversely affecting the tax status of the Authority, its property or income, its securities (including the 2015A Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(B) legislation shall have been passed by either chamber of the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that obligations of the general character of the Bonds or the Local Obligations are not exempt from registration under the 1933 Act, or that the Indentures are not exempt from qualification under the Trust Indenture Act of 1939; or

(C) the declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national or international emergency or calamity or terrorism affecting the operation of the government of the United States, or the financial, political or economic conditions affecting the United States or the Authority; or

(D) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, the general suspension of trading on any national securities exchange, the establishment of minimum or maximum prices on any national securities exchange; or

(E) an order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the Local Obligations, or the issuance, offering or sale of the Bonds or the Local Obligations, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(F) any material adverse change in the affairs or financial condition of the Authority or the Successor Agency, except for changes which the Official Statement disclosures are expected to occur.

(iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the reasonable professional judgment of the Underwriter, materially and adversely affect the market or market price for the Bonds; or

(iv) an event described in paragraph [(p)] of Section 8 hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(v) any litigation shall be instituted or be pending at the Closing Time to restrain or enjoin the issuance, sale or delivery of the Bonds or the Local Obligations, or in any way contesting or affecting any authority for or the levy or collection of the Pledged Tax Revenues, the issuance, sale or delivery of the Bonds or the Local Obligations, the Act, the Bond Resolution, the Successor Agency Bond Resolution, the Authority Legal Documents, the Successor Agency Legal Documents or the existence or powers of the Authority with respect to its obligations under the Authority Legal Documents or the Bonds or the existence or powers of the Successor Agency with respect to its obligations under the Successor Agency Legal Documents or the Local Obligations; or

(vi) there shall have occurred any suspension, withdrawal, downgrading or published negative credit watch or similar published information from a rating agency that as of the date hereof has published, or has been asked to furnish, an unenhanced long-term rating on the Authority's senior lien debt obligations, including the Bonds, which action reflects a change or possible change in the ratings accorded to such obligations, including the Bonds; or

(vii) the Local Obligations fail to be issued and sold to the Authority.

If the Underwriter terminates its obligation to purchase the Bonds because any of the conditions specified in Section 6, Section 9 or this Section 10 shall not have been fulfilled at or before the Closing Time, such termination shall not result in any liability on the part of the Underwriter.

11. Conditions to Obligations of the Authority. The performance by the Authority of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority of opinions addressed to it and certificates being delivered at the Closing Time by persons and entities other than the Authority.

12. Amendment of Official Statement. For a period beginning on the date hereof and continuing until the End Date, (a) neither the Authority nor the Successor Agency will adopt any

amendment of, or supplement to, the Official Statement to which the Underwriter shall object in writing or that shall be disapproved by the Underwriter's Counsel and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of Underwriter's Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Authority and the Successor Agency will forthwith prepare and furnish to the Underwriter an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriter's Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Series 2015A Bonds, not misleading.

13. Indemnification. The Authority and the Successor Agency (each an "Industry Entities Indemnifying Party") shall jointly and severally indemnify and hold harmless, to the extent permitted by law, the Underwriter and its respective directors, officers, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Industry Entities Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Industry Entities Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Industry Entities Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement (excluding any information under the caption "UNDERWRITING" or in APPENDIX C — "BOOK ENTRY SYSTEM") or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. This indemnity agreement shall not be construed as a limitation on any other liability which the Authority and the Successor Agency may otherwise have to any Industry Entities Indemnified Party, provided that in no event shall the Authority and the Successor Agency be obligated for double indemnification.

The Underwriter (an "Underwriter Indemnifying Party") shall indemnify and hold harmless, to the extent permitted by law, the Authority and the Successor Agency and their respective directors, officers, members, employees and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Underwriter Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Underwriter Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement under the caption "UNDERWRITING," or any amendment or supplement thereof, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading.

This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriter may otherwise have to any Underwriter Indemnified Party, provided that in no event shall the Underwriter be obligated for double indemnification.

For purposes of this paragraph and the immediately succeeding paragraph, an “Indemnified Party” means an Industry Entities Indemnified Party or an Underwriter Indemnified Party as the context dictates and an “Indemnifying Party” means an Industry Entities Indemnifying Party or an Underwriter Indemnifying Party as the context dictates. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to have charge of the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In order to provide for just and equitable contribution in circumstances in which indemnification hereunder is for any reason held to be unavailable from the Industry Entities or the Underwriter, to the extent permitted by law, the Industry Entities and the Underwriter shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, to which the Industry Entities and the Underwriter may be subject) in such proportion so that the Underwriter is responsible for that portion represented by the percentage that the Underwriter’s discount set forth in the Official Statement bears to the public offering price appearing thereon and the Industry Entities are jointly and severally responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be

entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person, if any, who controls the Underwriter within the meaning of the 1933 Act shall have the same rights to contribution as the Underwriter. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify such party or parties from whom contribution may be sought, but the omission so to notify shall not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph. No party shall be liable for contribution with respect to any action or claim settled without its consent.

14. Expenses.

(a) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall be under no obligation to pay and the Authority hereby agrees to pay any expenses incident to the performance of the Authority's and the Successor Agency's obligations hereunder, including but not limited to the following: (i) the cost of preparation, printing, engraving, execution and delivery of the Bonds; (ii) any fees charged by any rating agency for issuing the rating on the Bonds; (iii) the cost of printing (and/or word processing and reproduction), distribution and delivery of the Preliminary Official Statement in electronic form and the Official Statement; (iv) the fees and disbursements of Bond Counsel, the Trustee (including its counsel's fees), any disclosure counsel, accountants, consultants and any financial advisor; and (v) any out-of-pocket disbursements of the Authority and the Successor Agency.

(b) Whether or not the Bonds are issued as contemplated by this Bond Purchase Agreement, the Underwriter shall pay (i) any fees assessed upon the Underwriter with respect to the Bonds by the MSRB or FINRA; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds (excluding any expenses of the Authority and the Successor Agency and their respective employees or agents); (iii) any fees payable to the California Debt and Investment Advisory Commission; and (iv) all other expenses incurred by them or any of them in connection with the public offering and distribution of the Bonds, including the fees and disbursements of Underwriter's Counsel.

(c) As a convenience to the Authority, the Underwriter may, from time to time, make arrangements for certain items and advance certain costs for which the Authority is responsible hereunder, such as entertainment, meals, lodging and travel arrangements for Authority representatives, in connection with the transaction for which the Underwriter will be reimbursed from the Underwriter's discount.

(d) The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

15. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof)

may be given by delivering the same in writing, if to the Authority or the Successor Agency, addressed to:

City of Industry Public Facilities Authority
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

Successor Agency to the Redevelopment
Agency of the City of Industry
15625 E. Stafford Street, Suite 100
Industry, California 91744-0366

or if to the Underwriter, addressed to:

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 37th Floor
San Francisco, California 94104
Attention: Ralph Holmes

16. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the Authority and the Successor Agency in writing as heretofore specified shall constitute the entire agreement between the Authority and the Successor Agency and the Underwriter and is made solely for the benefit of the Authority and the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the Successor Agency in this Bond Purchase Agreement or in any certificate delivered pursuant hereto shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery to and payment by the Underwriter for the Bonds hereunder and (c) any termination of this Bond Purchase Agreement.

17. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

18. No Advisory or Fiduciary Role. The Authority and the Successor Agency acknowledge and agree that: (i) the primary role of the Underwriter, is to purchase securities for resale to investors, in an arm's-length commercial transaction between the Authority and the Successor Agency and the Underwriter and that the Underwriter has financial and other interests that differ from those of the Authority and the Successor Agency; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Authority or the Successor Agency and has not assumed any advisory or fiduciary responsibility to the Authority or the Successor Agency with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the Successor Agency on other matters); and (iii) the Authority and the Successor Agency have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the

extent they deem appropriate. If the Authority or the Successor Agency would like a municipal advisor in this transaction that has legal fiduciary duties to the Authority and the Successor Agency, then the Authority and the Successor Agency are free to engage a municipal advisor to serve in that capacity.

[Signature Page Follows]

19. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Managing Director

Accepted and Agreed to:

CITY OF INDUSTRY PUBLIC
FACILITIES

By: _____
Executive Director

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

By: _____
Executive Director

EXHIBIT A
MATURITY SCHEDULE
[TO COME]

EXHIBIT B
FORM OF LETTER FROM DISCLOSURE COUNSEL

[To Come]