
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

SPECIAL MEETING AGENDA FEBRUARY 24, 2015 3:30 P.M.

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

Addressing the Oversight Board:

- ▶ **Agenda Items:** *Members of the public may address the Oversight Board 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 Oversight Board 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 Secretary prior to the Agenda item being called and prior to the individual being heard by the Oversight Board.*

- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Oversight Board 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 Oversight Board from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Oversight Board 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 Secretary prior to the Agenda item being called by the Secretary and prior to the individual being heard by the Oversight Board.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any meeting (including assisted listening devices), please contact the Office of the Secretary to the Oversight Board (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 Government Code Section 54957.5(b), staff reports and other public records permissible for disclosure related to open session agenda items are available at City of Industry City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the Secretary of the Oversight Board during regular business hours, Monday through Friday, 9:00 a.m. to 5:00 p.m. Agendas are available on the City of Industry website: www.cityofindustry.org.*
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1. Call to Order
2. Flag Salute
3. Roll Call

4. Public Comments

5. **OVERSIGHT BOARD MATTERS**

- 5.1 Consideration of Resolution No. OB 2015-01 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING THE OVERSIGHT BOARD'S MINUTES FOR THE DECEMBER 11, 2014 SPECIAL MEETING.

RECOMMENDED ACTION: Adopt Resolution No. 2015-01.

- 5.2 Consideration of the Annual Audited Financial Statements, Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance, and On Compliance and Other Matters, Auditor's Communications with the Board of Directors of the Successor Agency to the Industry-Urban Development Agency for the Year End June 30, 2014, and the Continuing Annual Disclosure Report.

RECOMMENDED ACTION: Receive and file the Reports.

- 5.3 Consideration of the Industry Business Center Project Summary Report for the Successor Agency to the Industry Urban-Development Agency.

RECOMMENDED ACTION: Receive and file the Report.

- 5.4 Projected Cash Flow for Industry Business Center and Projects to be Funded by Other Funds for the Successor Agency to the Industry Urban-Development Agency.

RECOMMENDED ACTION: Receive and file the Report.

- 5.5 Consideration of the Successor Agency's Long Range Property Management Plan - Property Inventory Listing.

RECOMMENDED ACTION: Receive and file the Report.

- 5.6 Consideration of the Budget vs. Actual Disbursement Comparison - ROPS 14-15A for the Successor Agency to the Industry Urban-Development Agency.

RECOMMENDED ACTION: Receive and file the Report.

- 5.7 Consideration of the Budget vs. Actual Disbursement Comparison - ROPS 14-15B for the Successor Agency to the Industry Urban-Development Agency.

RECOMMENDED ACTION: Receive and file the Report.

- 5.8 Consideration of Resolution No. OB 2015-02 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 15130 NELSON AVENUE.

RECOMMENDED ACTION: Adopt Resolution No. 2015-02.

- 5.9 Consideration of Resolution No. OB 2015-03 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 17201 - 17301 GALE AVENUE.

RECOMMENDED ACTION: Adopt Resolution No. 2015-03.

- 5.10 Consideration of Resolution No. OB 2015-04 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 17475 GALE AVENUE.

RECOMMENDED ACTION: Adopt Resolution No. 2015-04.

- 5.11 Consideration of Resolution No. OB 2015-05 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2015, THROUGH DECEMBER 31, 2015.

RECOMMENDED ACTION: Adopt Resolution No. 2015-03.

- 5.12 Discussion regarding the Letter of Intent submitted by Hitchcock Commercial Properties to purchase Agency-owned property located at 17647 Gale Avenue.

RECOMMENDED ACTION: *Provide direction to Successor Agency staff.*

- 5.13 Discussion regarding the process of selling the Tres Hermanos property.

RECOMMENDED ACTION: *Provide direction to Successor Agency staff.*

- 5.14 Consideration to cancel the next regular meeting scheduled for Tuesday, March 3, 2015 at 3:30p.m.

6. Adjournment. If Item 5.11 is approved, the next regular Oversight Board meeting will be Tuesday, April 7, 2015 at 3:30 p.m.

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.1

RESOLUTION NO. OB 2015-01

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING THE OVERSIGHT BOARD'S MINUTES FOR THE DECEMBER 11, 2014, SPECIAL MEETING

WHEREAS, the Successor Agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 ("Successor Agency"); and

WHEREAS, the Oversight Board ("Oversight Board") of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Oversight Board Secretary or designee has prepared and submitted the minutes for the December 11, 2014 Special Meeting to the Oversight Board for consideration and approval, in substantially the form attached hereto as Exhibit A; and

WHEREAS, the Oversight Board has determined that the approval of the minutes is both proper and necessary; and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. **Approval of Minutes.** The Oversight Board hereby approves and adopts the minutes for the December 11, 2014 Special Meeting of the Oversight Board, in substantially the form attached hereto as Exhibit A.

Section 2. **Other Actions.** The Oversight Board hereby authorizes and directs the Chairman, Vice-Chairman and/or Secretary or the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on February 24, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By:

Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency to the
Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency to the
Industry Urban-Development Agency

RESOLUTION NO. OB 2015-01

EXHIBIT A

DECEMBER 11, 2014 OVERSIGHT BOARD MINUTES

[ATTACHED BEHIND THIS PAGE]

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
SPECIAL MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
DECEMBER 11, 2014
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CALL TO ORDER

The Special Meeting of the Oversight Board of the Successor Agency to the Industry Urban-Development Agency was called to order by Chairman Santos Kreimann at 3:32 p.m., in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Chairman Santos Kreimann.

ROLL CALL

PRESENT: Santos Kreimann, Chairman
Ron Cipriani, Vice Chairman
Yolanda Duarte, Board Member
Michael Gregoryk, Board Member
Gerry Hertzberg, Board Member
Kevin Radecki, Board Member

ABSENT: Deo Persaud, Board Member

STAFF PRESENT: Nathan Heyde, Oversight Board Counsel, and Diane M. Schlichting, Secretary.

MOTION BY BOARD MEMBER DUARTE, AND SECOND BY BOARD MEMBER GREGORYK TO GRANT BOARD MEMBER PERSAUD AN EXCUSED ABSENCE. MOTION CARRIED 6-0, WITH BOARD MEMBER PERSAUD ABSENT.

PUBLIC COMMENTS

There were no public comments.

CONSIDERATION OF RESOLUTION NO. OB 2014-27 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING THE OVERSIGHT BOARD'S MINUTES FOR THE NOVEMBER 7, 2014 SPECIAL MEETING

MOTION BY BOARD MEMBER HERTZBERG, AND SECOND BY VICE CHAIRMAN CIPRIANI TO ADOPT RESOLUTION NO. OB 2014-27. MOTION CARRIED 6-0, WITH

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
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BOARD MEMBER PERSAUD ABSENT.

**CONSIDERATION OF THE INDUSTRY BUSINESS CENTER PROJECT SUMMARY
REPORT FOR THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of the Oversight Board.

Mr. John Ballas, City of Industry Engineer, presented a report and responded to questions from Members of the Oversight Board.

MOTION BY VICE CHAIRMAN CIPRIANI, AND SECOND BY BOARD MEMBER DUARTE TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 6-0, WITH BOARD MEMBER PERSAUD ABSENT.

**CONSIDERATION OF THE SUCCESSOR AGENCY'S LONG RANGE PROPERTY
MANAGEMENT PLAN - PROPERTY INVENTORY LISTING**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of the Oversight Board.

Mr. John Ballas, City of Industry Engineer, responded to questions from Members of the Oversight Board.

Mr. Reg Bottger of CNC Engineering responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER DUARTE, AND SECOND BY VICE CHAIRMAN CIPRIANI TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 6-0, WITH BOARD MEMBER PERSAUD ABSENT.

**CONSIDERATION OF THE BUDGET VS. ACTUAL EXPENSE COMPARISON - ROPS
14-15A FOR THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT
AGENCY**

Mr. Dean Yamagata, Partner with Frazer, LLP, contracted to run the Finance Department for the City and Agency, presented a report and responded to questions from Members of

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
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the Oversight Board.

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY VICE CHAIRMAN CIPRIANI TO RECEIVE AND FILE THE REPORT. MOTION CARRIED 6-0, WITH BOARD MEMBER PERSAUD ABSENT.

CONSIDERATION OF RESOLUTION NO. OB 2014-28 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, AUTHORIZING THE SUCCESSOR AGENCY TO REFUND CERTAIN OUTSTANDING TAX ALLOCATION OBLIGATIONS FOR THE CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1 PURSUANT TO ASSEMBLY BILLS X1 26 AND 1484

Mr. Don Hunt, Bond Counsel with Norton, Rose, Fulbright, distributed a handout and presented a report to the Board Members regarding Resolution Nos. OB 2014-28, OB 2014-29, and OB 2014-30. Mr. Hunt also responded to questions from Members of the Oversight Board.

Oversight Board Counsel Heyde responded to questions from Members of the Oversight Board.

Chairman Kreimann recommended that the Board take a short recess. Chairman Kreimann recessed the meeting at 4:32 p.m.

Chairman Kreimann reconvened the meeting at 4:50 p.m. Chairman Kreimann, Vice Chairman Cipriani, Board Member Duarte, Board Member Gregoryk, Board Member Hertzberg, and Board Member Radecki were present. Board Member Persaud was absent.

Mr. Don Hunt, Bond Counsel with Norton, Rose, Fulbright, responded to questions from Members of the Oversight Board.

Oversight Board Counsel Heyde responded to questions from Members of the Oversight Board.

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY VICE CHAIRMAN CIPRIANI TO ADOPT RESOLUTION NO. OB 2014-28. MOTION CARRIED BY THE FOLLOWING VOTE:

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
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AYES: BOARD MEMBER DUARTE, BOARD MEMBER GREGORYK,
BOARD MEMBER HERTZBERG, BOARD MEMBER RADECKI, VICE
CHAIRMAN CIPRIANI, AND CHAIRMAN KREIMANN

NOES: NONE

ABSENT: BOARD MEMBER PERSAUD

ABSTAIN: NONE

**CONSIDERATION OF RESOLUTION NO. OB 2014-29 - A RESOLUTION OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY
OF INDUSTRY, AUTHORIZING THE SUCCESSOR AGENCY TO REFUND CERTAIN
OUTSTANDING TAX ALLOCATION OBLIGATIONS FOR THE TRANSPORTATION-
DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2 PURSUANT TO
ASSEMBLY BILLS X1 26 AND 1484**

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY VICE CHAIRMAN
CIPRIANI TO ADOPT RESOLUTION NO. OB 2014-29. MOTION CARRIED 6-0, WITH
BOARD MEMBER PERSAUD ABSENT.

**CONSIDERATION OF RESOLUTION NO. OB 2014-30 - A RESOLUTION OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-
DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY
OF INDUSTRY, AUTHORIZING THE SUCCESSOR AGENCY TO REFUND CERTAIN
OUTSTANDING TAX ALLOCATION OBLIGATIONS FOR THE TRANSPORTATION-
DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3 PURSUANT TO
ASSEMBLY BILLS X1 26 AND 1484**

MOTION BY BOARD MEMBER GREGORYK, AND SECOND BY VICE CHAIRMAN
CIPRIANI TO ADOPT RESOLUTION NO. OB 2014-30. MOTION CARRIED 6-0, WITH
BOARD MEMBER PERSAUD ABSENT.

**DISCUSSION REGARDING THE PROCESS OF SELLING THE TRES HERMANOS
PROPERTY**

This item was tabled to the next Oversight Board meeting.

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
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ADJOURNMENT

There being no further business, the Oversight Board of the Successor Agency to the Industry Urban-Development Agency adjourned.

Santos H. Kreimann, Chairman

Diane M. Schlichting, Secretary

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.2

MEMORANDUM

To: Members of the Oversight Board of the Successor Agency to the Industry Urban-Development Agency

From: Finance Department

Date: February 13, 2015

Subject: Successor Agency To The Industry Urban-Development Agency Year Ended June 30, 2014 Annual Financial Reports

RECOMMENDATION

Receive and file the annual financial reports.

Successor Agency to the Industry Urban-Development Agency

- 1) Annual Audited Financial Statements For The Year Ended June 30, 2014
- 2) Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters For The Year Ended June 30, 2014
- 3) Auditor's Communications with the Board of Directors For The Year Ended June 30, 2014
- 4) Continuing Annual Disclosure Report

EXECUTIVE SUMMARY

The Successor Agency's independent auditors, Eadie & Payne, LLP, have completed their annual audit of the Successor Agency's financial statements for the year ended June 30, 2014. The financial statements received an unqualified (or clean) opinion. No material weaknesses in internal controls were noted.

The Board of Directors of the Successor Agency has received and filed these report at their meeting held on January 22, 2015

DESCRIPTION OF REPORTS

The financial reports and management compliance letter for the year ended June 30, 2014 are briefly described below:

Annual Financial Report

The annual financial statement is a comprehensive document reflecting the financial position of the Successor Agency at June 30, 2014.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

No material weaknesses in internal controls were noted.

The Auditor's Communications with the Successor Agency's Board

Statement of Auditing Standards (SAS) No. 114 requires more and documented communications between the auditors and the board of the Successor Agency. This letter provides an opportunity for the auditors to report on any difficulties or major concerns discovered during the audit and to further define their role. They provide commentary on management's responsibilities for accounting policies and estimates that no significant difficulties were encountered in performing the audit, and no disagreements occurred with management. They point out that management has corrected all known misstatements, even those that could be passed adjustments that would be not material either individually or in the aggregate.

Continuing Annual Disclosure Report

This Continuing Annual Disclosure Report is filed pursuant to the Continuing Disclosure Certificates adopted by the Successor Agency in connection with certain bonds issued by the Successor Agency in accordance with Securities and Exchange Commission Rule 15c2-12.

Fiscal Impact

There is no fiscal impact as result of this action.

**SUCCESSOR AGENCY TO
INDUSTRY URBAN-DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)**

June 30, 2014

Financial Statements

With

Independent Auditor's Report

SUCCESSOR AGENCY TO
INDUSTRY URBAN-DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2014

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CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Successor Agency to Industry Urban-Development Agency
City of Industry, California

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Successor Agency to Industry Urban-Development Agency, a component unit of the City of Industry, as of June 30, 2014, the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Successor Agency to Industry Urban-Development Agency's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Successor Agency to Industry Urban-Development Agency as of June 30, 2014, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Successor Agency of the Industry Urban-Development Agency's basic financial statements. The schedules of long-term debt on pages 30 through 46 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of long-term debt are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014 on our consideration of the Successor Agency of the Industry Urban-Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Successor Agency of the Industry Urban-Development Agency's internal control over financial reporting and compliance.

Eadie and Payne, LLP

December 19, 2014
Redlands, California

Basic Financial Statements

SUCCESSOR AGENCY
 TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2014

		<u>Private-purpose Trust Fund</u>
ASSETS		
Cash	\$	330,031
Investments		71,539,781
Investments with fiscal agent - restricted		56,224,739
Notes receivable		18,231,784
Other receivables		1,446,037
Property held for sale or disposition		418,516,083
Total assets		<u>566,288,455</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding		<u>1,075,452</u>
Total deferred outflows of resources		<u>1,075,452</u>
Total assets and deferred outflows of resources	\$	<u><u>567,363,907</u></u>
LIABILITIES		
Accounts payable	\$	3,996,753
Interest payable		9,483,517
Other liabilities		798,739
Due to City of Industry		14,596,862
Bonds payable, net		527,374,699
Total liabilities		<u>556,250,570</u>
NET POSITION	\$	<u><u>11,113,337</u></u>

The accompanying notes are an integral part of this statement

SUCCESSOR AGENCY
 TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014

		<u>Private-purpose Trust Fund</u>
ADDITIONS		
Redevelopment agency property tax trust fund	\$ 59,878,794	
Less: Administrative expenses	(1,075,629)	
Pass through payments	(3,779,408)	
Net		<u>55,023,757</u>
Revenues from the use of money and property		
Interest income		1,073,427
Rental and other income		<u>12,240,115</u>
Total revenues from the use of money and property		<u>13,313,542</u>
Other sources-debt service paid by tax override		<u>31,181,110</u>
Total additions		<u>99,518,409</u>
DEDUCTIONS		
Bond interest expense		41,101,375
Administrative expenses		1,329,788
Loss on sale and write down of property		7,619,529
Transfers out to City of Industry		<u>407,567</u>
Total deductions		<u>50,458,259</u>
Changes in net assets		<u>49,060,150</u>
NET POSITION, beginning of year		(33,940,340)
Prior period adjustment-see note 1		<u>(4,006,473)</u>
NET POSITION, beginning of year as restated		<u>(37,946,813)</u>
Net position - ending		<u>\$ 11,113,337</u>

The accompanying notes are an integral part of this statement

Notes to the Financial Statements

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies

Description of the reporting entity

The Industry-Urban-Development Agency (referred to as the "IUDA") was a component unit and an integral part of the City of Industry (referred to as the "City"). On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (referred to as the "Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to the other units of state and local government. The City has elected to become the Successor Agency to the Industry Urban-Development Agency (referred to as the "SA to IUDA"). The City and the Successor Agency have separate Board of Directors. However, individuals serving on the City Council also serve on the Successor Agency Board. The Successor Agency is a component unit of the City that is fiduciary in nature and is reported in the statements of fiduciary net position and changes in fiduciary net position within the City's fiduciary funds.

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

Successor agencies are allocated revenue only in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

Under the provisions of AB 1484, SA to IUDA is required to have a Due Diligence Review (DDR) of the unobligated balances in the Low and Moderate Housing Fund and in November 2012 the DDR report was approved with no additional funds required to be remitted to the Auditor-Controller. In April 2013, Department of Finance completed its review of the Due Diligence Review of the Other Funds and Accounts and the SA to IUDA remitted \$17,185,869 to the Auditor-Controller based upon this review.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued)

Description of the reporting entity (continued)

In May 2013, the SA to IUDA was granted its Finding of Completion notice from the Department of Finance. The SA to IUDA may now do the following:

- 1) Place loan agreements between the former redevelopment agency on the ROPS as an enforceable obligation provided the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes.
- 2) Utilize bond proceeds issued prior to January 1, 2011 in a manner consistent with the original bond covenants.
- 3) In addition the SA to IUDA is required to submit a Long-Range Property Management Plan to the DOF for its review and approval. The Long-Range Property Management Plan was approved by the DOF in February 2014.

Basis of accounting and measurement focus

The component unit financial statements of SA to IUDA have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

New Accounting Standard

During the year ended June 30, 2014, the SA to IUDA implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities. The adoption of GASB Statement No. 65 required bond issuance costs that were previously reported as an asset to be shown as an expense or expenditure. The effect of this statement has been retroactively applied by reporting the cumulative effect of the application as a restatement of beginning net position on the statement of changes in fiduciary net position. Adoption of this accounting standard resulted in a \$4,006,473 adjustment to beginning net position.

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NOTES TO THE FINANCIAL STATEMENTS
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1. Summary of significant accounting policies (continued)

Cash and investments

Investments in inactive public deposits, securities and short-term obligations are stated at cost or amortized cost, which approximates fair value.

Cash deposits are reported at their carrying amount, which reasonably estimates fair value. Short-term investments are reported at cost, which approximates fair value. Investments that exceed more than one year in maturity and that are traded on a national exchange are valued at their quoted market price.

Redevelopment property tax revenues

Pursuant to the Redevelopment Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the SA to IUDA's Redevelopment Property Tax Trust Fund ("Trust Fund") administered by the Los Angeles County's Auditor-Controller for the benefit of holders of the former IUDA's enforceable obligations and the taxing entities that receive pass-through payments. Any remaining funds in the Trust Fund, plus any unencumbered redevelopment cash and funds from asset sales are distributed by the County to the local agencies in the project area unless needed to pay enforceable obligations.

Distributions are to be made twice each year on the following cycles:

Distribution Dates	Covers Recognized Obligation Payment Schedules to be Paid
January 2 June 1	January 1 through June 30 July 1 through December 31

The amounts distributed for Recognized Obligation Payment Schedules (ROPS) are forward looking to the next six month period.

Tax Override Monies

On September 26, 2013 pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the debt service shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the debt service shortfall. So long as the IUDA bonds remain outstanding, the City shall make withdrawals from the Agency Override Fund solely for the purpose of covering debt service shortfalls. See note 4 for further discussion.

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NOTES TO THE FINANCIAL STATEMENTS
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1. Summary of significant accounting policies (continued)

Property held for sale or disposition

Property held for sale or disposition is reported in the financial statements at the lower of cost or net realizable value. The SA to IUDA does not record depreciation expense on its capital assets as these assets are being held for sale or disposition.

Bond issuance costs and premiums/discounts

Bond premiums and discounts in the statement of fiduciary net position are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an outflow of resources in the period incurred on the statement of changes in fiduciary net position. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of estimates

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

2. Cash and investments

SA to IUDA maintains separate cash deposits for each project area. In addition, each project area invests cash not required for immediate use. Certain deposits and investments are held by the fiscal agent separately from those of other funds.

Cash and investments as of June 30, 2014, consisted of the following:

	Amount
Cash	\$ 330,031
Investments	71,539,781
Investments with fiscal agent - restricted	56,224,739
Total cash and investments	\$ 128,094,551
Cash	\$ 330,031
Investments	127,764,520
Total cash and investments	\$ 128,094,551

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

2. Cash and investments (continued)

Cash

SA to IUDA may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2014, SA to IUDA's deposits exceeded federally insured limits by \$460,298.

Investments authorized by SA to IUDA's investment policy

Under provision of SA to IUDA's Investment Policy, and in accordance with Section 53601 and Section 53635 of the California Government Code, and the Section 33603 of the Health and Safety Code, SA to IUDA may invest in the following types of investments:

Securities of the U.S. Government, or its agencies
Bonds, notes, warrants, or other evidence of indebtedness of the City of Industry
Inactive Public Deposits; Non – negotiable and /or non –transferable certificate of deposit.
Bankers Acceptances
Commercial Paper
Local Agency Investment Fund (State Pool) Deposits ("LAIF")
Passbook Savings Account Demand Deposits
Repurchase Agreements
Los Angeles County Investment Pool

The SA to IUDA's investment policy does not contain any specific provisions intended to limit SA to IUDA's exposure to interest rate risk, credit risk, and concentration risk other than those specified in the California Government Code.

Investments authorized by debt agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements.

The debt agreement held by SA to IUDA and its bond trustees have investment policies that are the same as SA to IUDA's general investment policy, as listed above.

SA to IUDA has monies held by trustees or fiscal agents pledged for the payment or security of tax allocation bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally less restrictive than SA to IUDA's general investment policy. In no instance have additional types of investments, not permitted by SA to IUDA's general investment policy, been authorized.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

2. Cash and investments (continued)

Custodial credit risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, SA to IUDA will not be able recover the value of its investments or collateral security that are in the possession of an outside party. Under section 53652 of the California Government Code, it is required that the depository secure active or inactive deposits with eligible securities having a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2014, the financial institutions that hold collateral for SA to IUDA had satisfied this requirement.

Interest rate risk

Interest rate risk is the risk of changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that SA to IUDA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. SA to IUDA monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in months)</u>
Commercial paper	\$ 3,608,607	0.27
LAIF	67,931,174	9.36
Held by bond trustee:		
Government obligations	22,217,857	N/A
Treasury obligations	31,491,492	N/A
Investment contracts	2,515,390	119.77
Total investments	<u>\$ 127,764,520</u>	

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2. Cash and investments (continued)

Credit risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization. Presented below is the minimum rating required by Section 53601 and Section 53635 of the California Government Code, Section 33603 of the Health and Safety Code, SA to IUDA's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of June 30, 2014		
			Actual Rating	Rated	Not Rated
Commercial paper	\$ 3,608,607	Aaa/P-1	P-1	\$ 3,608,607	\$
LAIF	67,931,174	N/A			67,931,174
Held by bond trustee:					
Government obligations	22,217,857	Aaa/P-1	Aaa	22,217,857	
Treasury obligations	31,491,492	Aaa/P-1	Aaa	31,491,492	
Investment contracts	2,515,390	N/A	Baa1	2,515,390	
Total investments	<u>\$ 127,764,520</u>			<u>\$ 59,833,346</u>	<u>\$ 67,931,174</u>

State of California Local Agency Investment Fund

SA to IUDA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the SA to IUDA's investment in the investment pool is approximately the same as the value of the pool shares. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government sponsored enterprises, and corporations.

At June 30, 2014, the carrying amount of the investments in LAIF amounted to \$67,931,174 and its fair value amounted to \$67,951,469.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

3. Property held for sale or disposition

All property is held for sale or disposition and is carried at the lower of cost or net realizable value. The SA to IUDA is no longer recording depreciation expense on its capital assets.

As of June 30, 2014, the carrying amount of SA to IUDA's property held for sale or disposition amounted to \$418,516,083 and consists of the following:

PROPERTY HELD FOR SALE OR DISPOSITION	BALANCE June 30, 2013	ADDITIONS	RETIREMENTS	TRANSFERS	BALANCE June 30, 2014
Capital Assets Not Being Depreciated:					
Land	\$ 193,052,910	\$	\$ (8,686,290)	\$	\$ 184,366,620
Construction in progress	48,993,057	18,096,641		(11,309,198)	55,780,500
Infrastructure	176,307,352			11,309,198	187,616,550
Buildings and improvements	17,764,404		(1,614,852)		16,149,552
Furniture and fixtures	676,222				676,222
Vehicles	65,807	-	(32,495)		33,312
Totals	<u>436,859,752</u>	<u>18,096,641</u>	<u>(10,333,637)</u>	<u>-</u>	<u>444,622,756</u>
Less: Accumulated depreciation	<u>26,182,233</u>		<u>(75,560)</u>		<u>26,106,673</u>
Capital assets, net	<u>\$ 410,677,519</u>	<u>\$ 18,096,641</u>	<u>\$ (10,258,077)</u>	<u>\$ -</u>	<u>\$ 418,516,083</u>

The SA to IUDA sold one parcel of land for \$2,230,982 and recognized a loss of \$4,119,529. In addition the SA to IUDA has written down certain of its capital assets to their net realizable value and has recognized a loss of \$3,500,000. On June 3, 2014, pursuant to resolutions no. OB 2014-12 and OB 2014-13, certain parcels of property listed on the Long-Range Property Management Plan were transferred to the City of Industry. The net book value of the property transferred to the City amounted to \$407,567.

4. Bonds Payable

2003 Tax Allocation Bonds (Taxable)

On December 29, 2003, IUDA issued several bond issues to advance refund the 1995 Subordinate Tax Allocation Refunding Bonds for all three project areas, the taxable bonds that were issued were Project No. 1 \$78,720,000 2003 Tax Allocation Bonds Series A, Project No. 2 \$39,730,000 2003 Tax Allocation Bonds, and Project No. 3 \$44,585,000 2003 Tax Allocation Bonds.

As part of the aforementioned bond issuances the IUDA and City entered into a loan agreement in order to enhance the security of the IUDA bonds and thereby reduce the overall borrowing costs. The City agreed to loan IUDA \$14,019,840 to secure the aforementioned IUDA bonds and to provide an additional source of funding for the bonds. IUDA agreed to repay all advances with interest at 8% per annum. In accordance with the loan agreement, the City deposited with U.S. Bank (the "Trustee") \$14,019,840, hereinafter referred to as the "Loan Fund". The monies are held in trust for the benefit of the City and the bond owners.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

2003 Tax Allocation Bonds (Taxable) (continued)

IUDA has assigned all of its rights to these proceeds to the Trustee as security for the bonds and their owners. The City has advanced all the monies in the Loan Fund to IUDA. These monies are deposited with U.S. Bank as trustee and have been recorded on the accompanying financial statements as "Investments with fiscal agent – restricted" in the amount of \$14,421,307 and a liability due to the City. Upon the payment or discharge of all the outstanding bonds all amounts then held in the Loan fund will be transferred to the City.

2003 Subordinate Lien Tax Allocation Refunding Bonds

On December 30, 2003, IUDA and the City entered into the "Bond Exchange Agreement". IUDA incurred debt to the City in the amount of approximately \$213,200,000 including accrued interest of \$17,654,981 from loans from the City's Redevelopment Revolving Fund. On December 30, 2003, the IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 \$83,785,692 2003 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 \$119,719,962 2003 Subordinate Lien Tax Allocation Refunding Bonds, and Project No. 3 \$9,726,529 2003 Subordinate Lien Tax Allocation Refunding Bonds.

2005 Subordinate Lien Tax Allocation Refunding Bonds

On April 20, 2005, the City and IUDA entered into the "2005 Revolving Fund Loan Agreement". The City issued its 2005 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$113,420,000 and deposited the net proceeds of approximately \$102,200,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2005, IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 \$71,868,838 2005 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 \$17,788,304 2005 Subordinate Lien Tax Allocation Refunding Bonds and Project No. 3 \$12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bonds.

In March 2009, IUDA redeemed the \$12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bond of Project No. 3.

2008 Subordinate Lien Tax Allocation Refunding Bonds

On April 1, 2008, IUDA and City entered into the "2008 Revolving Fund Loan Agreement". The City issued its 2008 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$77,540,000 and deposited the net proceeds of approximately \$69,900,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2008, IUDA issued and exchanged the following bonds for cancellation of the indebtedness to the City: \$33,673,437 2008 Project No.1 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 8.25%; \$31,083,172 2008 Project No. 2 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 5.75%; \$5,120,288 2008 Project No. 3 Subordinate Lien Tax Allocation Refunding Bonds with average interest of 10%.

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NOTES TO THE FINANCIAL STATEMENTS
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4. Bonds Payable (continued)

2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable)

IUDA and the City, on April 20, 2010, entered into the "2010 Revolving Fund Loan Agreement." The City issued its 2010 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$45,380,000 and deposited the net proceeds of approximately \$40,000,000 from this issue into the Redevelopment Revolving Fund, which constitutes the 2010 Redevelopment Revolving Fund Loan, a loan to IUDA.

In April 2010, IUDA issued the 2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable) to the City in the amount of \$40,000,000 and the City had then agreed to accept the bonds for cancellation of the 2010 Redevelopment Revolving Fund loan.

Civic-Recreational-Industrial Redevelopment Project No. 1

On April 16, 2002, IUDA issued \$197,000,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Bonds, Series B. IUDA used the proceeds to purchase U.S. government securities to advance refunding of the 1992 and 1997 Series Bonds. The bonds are payable from and secured by a pledge and a first lien on the tax increment revenues from Project Area No. 1.

In February 2007, IUDA redeemed the 2002 IUDA Tax Allocation Bonds and sold the bonds to the City of Industry Public Facilities Authority (referred to as "PFA"). The payments made by IUDA for the 2002 IUDA TA Bonds would be used to secure the payments of PFA's \$169,695,000 Tax Allocation Revenue Bond ("2007 PFA TAR Bonds").

Principal and interest payments are made by SA to IUDA to PFA for the payment of the 2002 IUDA TA Bonds. PFA then uses those monies to make principal and interest payments on the 2007 PFA TA Bonds. Any surplus funds received by PFA are returned to SA to IUDA.

In December 2003, IUDA issued \$78,720,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds Series A, to refund previously issued \$19,275,826 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 1995 Subordinate Tax Allocation Refunding Bonds and partially repay a portion of the outstanding revolving fund debt to the City.

On December 30, 2003, IUDA issued \$68,090,000 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Bonds, Series B, with an average interest rate of 3.785%. The bonds were issued to finance the completion, extension and construction of projects contained in the Redevelopment Plan. A portion of the Bond proceeds were used to fund a reserve for the Bonds and to pay costs associated with the Bond issuance.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

Civic-Recreational-Industrial Redevelopment Project No. 1 (continued)

In November 2009, IUDA partially redeemed the \$68,090,000 2003 Tax Allocation Bonds, Series B. The partial redemption amounted to \$27,170,000 and the remaining principal balance amounted to \$26,470,000.

On February 1, 2007, IUDA issued \$16,038,957 of Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2007 Subordinate Lien Taxable Tax Allocation Refunding Bonds with an average interest rate of 8.00%. The bonds were sold to the City in exchange for the cancellation of the 2006 Revolving Fund Loan with principal and interest amounts of \$15,000,000 and \$1,038,958, respectively.

Transportation-Distribution-Industrial Redevelopment Project No. 2

On August 15, 2002, IUDA issued \$17,270,000 of Industry-Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2. 2002 Tax Allocation Refunding Bonds to advance refund \$18,010,000 of outstanding 1992 Tax Allocation Refunding Bonds.

In December 2003, IUDA issued \$39,730,000 of Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Tax Allocation Bonds to refund a portion of the previously issued \$65,103,890 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 1995 Subordinate Tax Allocation Refunding Bonds and to repay a portion of the revolving fund debt.

Transportation-Distribution-Industrial Redevelopment Project No. 3

On August 15, 2002, IUDA issued \$17,455,000 of Industry-Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3. 2002 Tax Allocation Refunding Bonds to effect an advance refunding of the previously issued \$19,780,000 1992 Tax Allocation Refunding Bonds.

In December 2003, IUDA issued \$44,585,000 of Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 2003 Tax Allocation Bonds to refund previously issued \$33,498,474 Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 3 1995 Subordinate Tax Allocation Refunding Bonds and to repay a portion of the revolving fund debt.

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4. Bonds Payable (continued)

Revenue pledged

All of the bonds described in this note are secured by a pledge of all future tax increment revenues until the bonds are fully paid off which is scheduled to be during the year ending 2027. Principal and interest payments outstanding at June 30, 2014 amounted to \$1,027,931,055. With the dissolution of the redevelopment agency, tax increment is no longer received and instead the SA receives payments from the RPTTF fund. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2014, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$59,878,794, which the SA received \$55,023,757 after deductions.

Prior to the dissolution of the Industry Urban-Development Agency, the IUDA undertook a program to redevelop each Project Area pursuant to the Community Redevelopment Law. The IUDA issued bonds discussed in the note and secured the bonds by a pledge of tax increment revenues allocated and paid to the IUDA pursuant to HSC Section 33670(b). In 1978, the City's voters authorized the City to levy an *ad valorem tax* (the "Property Tax Override") and the City continues to levy the Property Tax Override on taxable properties in the City, including properties within three Project Areas.

Since the Property Tax Override was authorized in 1978, the tax increment revenues allocated and paid to the IUDA before its dissolution in 2012 included a portion of the Property Tax Override. Pursuant to the IUDA bond indentures, the tax increment revenues pledged to the IUDA bonds included the Property Tax Override. Pursuant to the mandate set forth in HSC Section 34175, the pledge of property tax revenues for the IUDA bonds must not be affected and pledged revenues must continue to include the Agency Override Portion. However the Los Angeles Auditor-Controller in administering the allocation of property taxes pursuant to AB X1 26, is disbursing the Agency Override Portion to the City of Industry, instead of depositing the Agency Override Portion into the Successor Agency's RPTTF fund.

In recognition of the above the SA to IUDA has adopted resolution no. SA 2013-10 on September 25, 2013 authorizing the Executive Director to do as follows, if during each six month ROPS period the moneys received by the SA to IUDA from the Los Angeles Auditor-Controller's RPTTF disbursement is insufficient to pay the principal and interest payments with respect to the IUDA bonds coming due during the ROPS period, the Executive Director shall notify the City of the shortfall.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

Revenue pledged (continued)

On September 26, 2013, pursuant to resolution no. CC 2013-25, the City has established a segregated fund in the treasury designated the Agency Override Fund and shall deposit all Agency Override Portion received by the City into the Agency Override Fund. Upon notification by the SA to IUDA of the debt service shortfall, the City shall apply the necessary amount (but only to the extent available) from the Agency Override Fund to pay the bond trustee or, to the extent that there is no trustee for any bond issue, the bondholders directly, to cover the debt service shortfall. So long as the IUDA bonds remain outstanding, the City shall make withdrawals from the Agency Override Fund solely for the purpose of covering debt service shortfalls.

The SA received RPTTF Funds for the year ending June 30, as follows:

	<u>2014</u>	<u>2013</u>
RPTTF Funds	\$ 59,878,794	\$ 58,679,839
Less: Administrative expenses	(1,075,629)	(1,110,583)
Pass through payments	(3,779,408)	(6,253,892)
HACOLA Withholding		(19,130,100)
Net	<u>\$ 55,023,757</u>	<u>\$ 32,185,264</u>

For the year ending June 30, 2014 principal and interest on the bonds amounted to \$81,685,617 which resulted in a debt service shortfall of \$31,181,110. The debt service shortfall was paid directly to the bank trustee or bond holder by the City of Industry from the Agency Override Fund. This amount is shown as "Additions" on the statement of changes in fiduciary net position.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

As of June 30, 2014, details of bonds payable are as follows:

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE, 30 2013</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2014</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
Industry Urban-Development					
Agency Project No. 1:					
\$197,000,000 2002 Tax Allocation Refunding Bonds Series B, due in annual principal installments of \$11,260,000 to \$14,915,000 through May 1, 2021					
	5.00% to 5.50%	\$ 101,705,000	\$ (10,785,000)	\$ 90,920,000	\$ 11,260,000
\$78,720,000 2003 Tax Allocation Bonds, Series A (Taxable), due in annual principal installments of \$4,725,000 to \$6,660,000 through May 1, 2021					
	5.30% to 6.00%	43,940,000	(4,490,000)	39,450,000	4,725,000
\$68,090,000 2003 Tax Allocation Bonds, Series B (Taxable), due in annual principal installments of \$2,110,000 to \$3,180,000 through May 1, 2021					
	3.88% to 5.00%	20,305,000	(1,920,000)	18,385,000	2,110,000
\$83,785,692 2003 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$5,375,000 to \$9,525,000 through December 1, 2020					
	10.00%	55,890,000	(4,885,000)	51,005,000	5,375,000
\$71,868,838 2005 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$2,920,000 to \$5,900,000 through December 1, 2025					
	6.30% to 6.80%	53,570,000	(2,750,000)	50,820,000	2,920,000
\$16,038,957 2007 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$1,235,000 to \$2,115,000 from December 1, 2011 through December 1, 2021					
	8.00%	14,275,000	(1,140,000)	13,135,000	1,235,000
\$33,673,437 2008 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$1,810,000 to \$3,695,000 through December 1, 2024					
	8.25%	28,209,000	(1,672,000)	26,537,000	1,810,000
Totals - Project No. 1		\$ 317,894,000	\$ (27,642,000)	\$ 290,252,000	\$ 29,435,000

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INDUSTRY URBAN-DEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE, 30 2013</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2014</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
Industry Urban-Development					
Agency Project No. 2:					
\$17,270,000 2002 Tax Allocation					
Refunding Bonds, due in annual					
principal installments of \$795,000					
to \$1,190,000 through May 1, 2024					
	4.25% to				
	4.75%	\$ 10,540,000	\$ (765,000)	\$ 9,775,000	\$ 795,000
\$39,730,000 2003 Tax Allocation					
Bonds (Taxable), due in annual					
principal installments of \$1,865,000					
to \$3,125,000 through May 1, 2024					
	5.50% to				
	6.10%	26,135,000	(1,765,000)	24,370,000	1,865,000
\$119,719,962 2003 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$5,552,646 to					
\$10,901,284 through December 1, 2023					
	10.00%	84,942,938	(5,148,023)	79,794,915	5,552,646
\$17,788,304 2005 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$720,000 to					
\$1,460,000 through December 1, 2025					
	6.30% to				
	6.80%	13,265,000	(685,000)	12,580,000	720,000
\$31,083,172 2008 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$805,000 to					
\$6,050,000 through December 1, 2026					
	5.75%	28,435,000	(760,000)	27,675,000	805,000
\$40,000,000 2010 Subordinate Tax Allocation					
Refunding Bonds (Taxable), due in annual					
principal installments of \$1,515,000 to					
\$4,335,000 through December 1, 2026					
	9.15%	36,585,000	(1,390,000)	35,195,000	1,515,000
Totals - Project No. 2					
		\$ 199,902,938	\$ (10,513,023)	\$ 189,389,915	\$ 11,252,646

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(A COMPONENT UNIT OF CITY OF INDUSTRY)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

<u>Description / Terms</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE, 30 2013</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2014</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
Industry Urban-Development					
Agency Project No. 3:					
\$17,455,000 2002 Tax Allocation					
Refunding Bonds, due in annual principal					
installments of \$805,000 to \$1,200,000					
through May 1, 2024					
	4.25% to 5.00%	\$ 10,630,000	\$ (770,000)	\$ 9,860,000	\$ 805,000
\$44,585,000 2003 Tax Allocation Bonds					
(Taxable), due in annual principal					
installments of \$2,090,000 to \$3,510,000					
through May 1, 2024					
	5.50% to 6.10%	29,315,000	(1,980,000)	27,335,000	2,090,000
\$9,726,529 2003 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$800,000 to					
\$1,165,000 through December 1, 2018					
	10.00%	5,590,000	(725,000)	4,865,000	800,000
\$5,120,288 2008 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$77,886 to					
\$1,267,544 beginning in December 1,					
2017 through December 1, 2026					
	10.00%	<u>5,120,289</u>	<u>(3,475,000)</u>	<u>5,120,289</u>	<u>3,695,000</u>
Totals - Project No. 3		<u>50,655,289</u>	<u>(3,475,000)</u>	<u>47,180,289</u>	<u>3,695,000</u>
Combined totals		<u>\$ 568,452,227</u>	<u>\$ (41,630,023)</u>	<u>\$ 526,822,204</u>	<u>\$ 44,382,646</u>

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

The annual requirements to amortize the bonds outstanding as of June 30, 2014 are as follows:

<u>YEAR ENDED JUNE 30</u>			
<u>PROJECT AREA NO. 1</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2015	19,273,298	29,435,000	48,708,298
2016	17,306,079	31,364,000	48,670,079
2017	15,163,970	33,461,000	48,624,970
2018	12,924,376	35,636,000	48,560,376
2019	10,516,741	37,986,000	48,502,741
2020-2024	18,060,090	110,950,000	129,010,090
2025-2026	789,480	11,420,000	12,209,480
Total	\$ <u>94,034,034</u>	\$ <u>290,252,000</u>	\$ <u>384,286,034</u>
<u>PROJECT AREA NO. 2</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2015	\$ 18,000,825	\$ 11,252,646	\$ 29,253,471
2016	20,232,859	12,062,697	32,295,556
2017	22,982,554	12,928,357	35,910,911
2018	26,338,898	13,865,155	40,204,053
2019	30,433,853	14,881,061	45,314,914
2020-2024	251,338,975	92,439,999	343,778,974
2025-2027	3,417,866	31,960,000	35,377,866
Total	\$ <u>372,745,830</u>	\$ <u>189,389,915</u>	\$ <u>562,135,745</u>
<u>PROJECT AREA NO. 3</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2015	\$ 2,538,276	\$ 3,695,000	\$ 6,233,276
2016	2,305,364	3,915,000	6,220,364
2017	2,055,558	4,165,000	6,220,558
2018	2,096,516	4,644,792	6,741,308
2019	1,853,923	4,936,985	6,790,908
2020-2024	6,445,174	22,132,688	28,577,862
2025-2027	17,034,176	3,690,824	20,725,000
Total	\$ <u>34,328,987</u>	\$ <u>47,180,289</u>	\$ <u>81,509,276</u>

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

The annual requirements to amortize the combined bonds outstanding as of June 30, 2014 are as follows:

<u>YEAR ENDED JUNE 30</u>			
<u>TOTALS</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2015	\$ 39,812,399	\$ 44,382,646	\$ 84,195,045
2016	39,844,302	47,341,697	87,185,999
2017	40,202,082	50,554,357	90,756,439
2018	41,359,790	54,145,947	95,505,737
2019	42,804,517	57,804,046	100,608,563
2020-2024	275,844,239	225,522,687	501,366,926
2025-2027	21,241,522	47,070,824	68,312,346
Total	<u>\$ 501,108,851</u>	<u>\$ 526,822,204</u>	<u>\$ 1,027,931,055</u>

Changes in long-term liabilities for the year ended June 30, 2014 are as follows:

	<u>June 30,</u> <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2014</u>	<u>Amounts due</u> <u>within one</u> <u>year</u>
Bonds payable:					
Tax allocation	\$ 568,452,227	\$	\$ (41,630,023)	\$ 526,822,204	\$ 44,382,646
Less deferred amounts:					
Unamortized premiums on refundings	<u>734,905</u>	<u></u>	<u>(182,410)</u>	<u>552,495</u>	<u>159,811</u>
Total bonds payable	<u>\$ 569,187,132</u>	<u>\$ -</u>	<u>\$ (41,812,433)</u>	<u>\$ 527,374,699</u>	<u>\$ 44,542,457</u>

SUCCESSOR AGENCY TO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

5. Receivables

Developer notes receivable - construction loan

In June 2000, the IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. As part of the agreement, the Developer purchased the land from IUDA for \$12,900,000. In order to finance construction costs, the IUDA had provided the Developer with construction loans totaling \$14,703,280. The promissory notes for the construction loans and land purchase is secured by a deed of trust and is payable in equal installments over 20 years including principal and interest at a rate of 4% per annum and consisted of the following:

	Amount June 30, 2014	Principal Amounts due in one year	Non-current Principal
Due June, 2022, payable in monthly payments of \$78,171 including interest at 4.00% per annum beginning July 2002	\$ 6,413,135	\$ 694,167	\$ 5,718,968
Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	5,468,564	591,925	4,876,639
Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	1,841,056	199,279	1,641,777
Totals	\$ 13,722,755	\$ 1,485,371	\$ 12,237,384

Total interest received on these notes during the year ended in June 30, 2014 amounted to \$580,022.

Developer notes receivable – Nissan Auto Mall

In May 2010, IUDA entered into an agreement with a Developer to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, the IUDA had provided the Developer with a loan of \$4,500,000. Under the agreement, the developer made interest only payments at \$5,000 per month starting on May 1, 2010 through April 1, 2012.

On May 1, 2012, the Developer started making monthly principal and interest payments at an annual rate of 4% due monthly on the outstanding note balance.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

5. Receivables (continued)

Developer notes receivable – Nissan Auto Mall (continued)

	<u>Amount June 30, 2014</u>	<u>Principal Amounts due in one year</u>	<u>Non-current Principal</u>
Due May, 2022, payable in monthly payments of \$25,069 and a final balloon payment of \$3,427,959 including interest at 4.00% per annum beginning May 2012	\$ 4,509,029	\$ 122,704	\$ 4,386,325

Total interest income received on this note during the year ended June 30, 2014, amounted to \$182,930.

As of June 30, 2014, receivables on the statement of net assets consisted of the following:

	<u>Balance June 30, 2014</u>
Developer notes receivable - construction loans	\$ 13,722,755
Developer note receivable - Nissan	4,509,029
Total notes receivable	18,231,784
Accrued interest receivable	43,097
Accounts receivable	1,402,940
Total other receivable	1,446,037
Totals	\$ 19,677,821

6. Rental property

The SA to IUDA rents land, buildings and housing to others through non-cancelable rental agreements. Future minimum rental income payments based on terms in effect at June 30, 2014 are as follows:

<u>YEAR ENDING JUNE 30</u>	<u>AMOUNT</u>
2015	\$ 7,956,796
2016	6,956,113
2017	6,655,376
2018	6,289,202
2019	6,670,736
2020-2024	33,360,943
2025-2029	32,199,280
2030-2034	31,780,000
Thereafter	167,608,132

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

6. Rental property (continued)

On April 28, 2005, IUDA entered into an agreement with a private company to lease land owned by IUDA to the Company for the purpose of having the land developed and operated by the Company. SA to IUDA is required to perform substantial public improvements surrounding the project area. The term of the agreement continues for 65 years from the commencement date. The agreement allows for SA to IUDA and the Company to split revenues generated by rents of the buildings after deductions for any loan payments or costs associated with the ownership, operation, financing, maintenance, and leasing of the various buildings.

In the event that rental income on the buildings is insufficient to repay any loans outstanding related to any financing of such building projects, and operation and maintenance of the various buildings, the SA to IUDA is required to contribute fifty percent for any shortfall as a capital contribution if the Company issues a demand for additional capital. Such payments if made by SA to IUDA on the projects would be subject to return by the Company with interest at the prime rate plus three percent provided that future rents generate revenue for SA to IUDA. During the year ended June 30, 2014, SA to IUDA earned and received \$7,223,404 in rental income from the Company.

SA to IUDA leases land, buildings, and permanently attached equipment to the Industry Convalescent Hospital d.b.a. El Encanto Healthcare and Habilitation Center for \$1 a year, renewed annually, which at the time of renewal, the lease may be terminated or the lease payment renegotiated by SA to IUDA.

7. Self-insurance plan

The City has established a Self-Insurance Plan (the "Plan") to pay for liability claims against the City and SA to IUDA. The Plan is administered by an insurance committee which is responsible for approving all claims of \$25,000 or less and for making provision to have sufficient funds available to pay approved claims and legal and investigative expenses. The insurance committee has vested this authority with the City Manager. Potential liability for claims in excess of \$250,000 up to \$10,000,000 is covered by excess liability insurance policies.

As of June 30, 2014, there are no pending claims outstanding against the SA to IUDA.

8. Low and moderate income housing

In December of 1992, pursuant to the authority of Government Code 65584.3, IUDA entered into an agreement with the City and the Housing Authority of the County of Los Angeles ("HACoLA"). Under this agreement, IUDA agreed to pay HACoLA each fiscal year an amount equal to 20 percent of tax increment revenues accruing to IUDA for such fiscal year (the "HACoLA Payment").

The HACoLA Payments for fiscal year 2011-12 and fiscal year 2012-13 are listed on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"). However, the

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

8. Low and moderate income housing (continued)

DOF has denied these ROPS items, arguing that the HACoLA Payments were no longer enforceable obligations after the dissolution of IUDA pursuant to AB X1 26.

The matter is the subject of a pending lawsuit, *Southern California Association of Non-Profit Housing v. State of California Department of Finance et al.* (Sacramento County Superior Court Case No. 34-2012-80001355; Court of Appeal Case No. C075705). In November 2013, the Superior Court of the State of California for the County of Sacramento entered judgment in favor of DOF, finding that the HACoLA Payments were no longer enforceable obligations. Petitioner, a non-profit housing association, has appealed the judgment. The opening brief on appeal was filed in November 2014. Opposition and reply briefs have yet to be filed but can be expected in the next several months. It is anticipated that a decision from the Court of Appeal will issue within the next year.

No liability has been recorded in the accompanying financial statements due to the uncertainty of the outcome of the pending lawsuit and the amount due to HACoLA cannot be reasonably estimated at this time.

9. Transactions with related parties

As of June 30, 2013, SA to IUDA had amounts due from the City of \$8,112,941 and owed \$60,388,363 to the City. Included in the \$60,388,363 owed to the City was \$45,967,056 which arose from the transfer of Agency Tax Override monies during the previous year. In accordance with resolution no. SA 2013-10; these monies were returned to the City. The net amount was paid to the City in December 2013.

As of June 30, 2014, SA to IUDA owes the City \$14,596,862. This amount is comprised of the \$14,019,840 loan described in note 4 made in connection with the 2003 Tax Allocation Bonds (Taxable) and \$577,023 for reimbursements of property maintenance expenses paid by the City on behalf of the SA to IUDA.

A total of \$306,727,204 in IUDA bonds are owned by the City and \$90,920,000 in IUDA bonds are owned by the Industry Public Facilities Authority, a component unit of the City of Industry.

10. Commitments and contingencies

Risk management

The SA to IUDA is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, and general liabilities. As further discussed in Note 7, the City has a self-insurance plan to cover such risks. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

SUCCESSOR AGENCY TO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

10. Commitments and contingencies (continued)

Project commitments

As of June 30, 2014, the total net assets held in trust were \$60,900,145. All of the net assets are fully committed to funding project obligations and the debt service on the bonds payable.

11. School district agreement

In 1971, IUDA entered into an agreement with two school districts and a community college district, which serve the City, under which IUDA agreed to pay the school districts and the community college district, out of IUDA's tax increment revenues, an amount up to \$436,000 per year plus additional sums when the assessed value of taxed property in the included area exceeded \$120,000,000, so that the districts would not lose tax revenues as a result of the redevelopment plan.

Subsequent to the execution of the agreement, the State of California adopted legislation that restructured the manner in which public schools were financed, including provisions for reimbursement by the State to the districts for tax revenues lost as a result of redevelopment. In addition, California voters approved Proposition 13 which, among other things, eliminated locally imposed property taxes and further transferred responsibility for funding schools to the State. IUDA, therefore, has made no payments to the districts since July 1, 1973.

In June 2012, a settlement was reached under which the City of Industry paid \$5,000,000 to the community college district and the community college district is now barred from any future claims against IUDA or its Successor Agency pursuant to the agreement. In August 2012, the two school districts filed suit against the City of Industry and the Successor Agency seeking to recover past and future payments the two school districts claim are owed under the agreement.

12. Subsequent events

School district litigation

On November 1, 2014, the City of Industry, the City, as assignee of Mount San Antonio Community College District's interest, the Successor Agency to the IUDA, County of Los Angeles, the Auditor-Controller of the County of Los Angeles, Hacienda La Puente Unified School District ("Hacienda") and Rowland Unified School District ("Rowland") entered into a settlement and release agreement. The City, within 15 days business days of the effective date of the Agreement shall make a \$15,000,000 initial payment of which \$8,250,000 will be paid to Rowland and \$6,750,000 will be paid to Hacienda. Within 15 business days of the effective date of the Agreement the City will deposit \$27,500,000 into an escrow account of which \$15,125,000 will be held for Rowland and \$12,375,000 will be held for Hacienda. These amounts will be released no later than December 31, 2016 or within 24 hours after a payment event notice has been filed by the City with the escrow holder.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

12. Subsequent event (continued)

School district litigation (continued)

For the purposes of the Agreement, a "Payment Event" shall mean the first refunding by the Successor Agency to the IUDA of its bonds in a single or multiple transactions.

The County of Los Angeles and the Auditor-Controller of the County of Los Angeles shall make statutory pass-through payments to Hacienda and Rowland as provided by the California Health and Safety Code including ABx1 26 and subsequent amendments. Once the \$42,500,000 payments are made to Hacienda and Rowland and deposited into the escrow account, Hacienda and Rowland will release all claims against the defendants arising out of the Original Action, the 1971 settlement agreement, the Dibble Home Agreement, the Pending Action, adoption of the Redevelopment Plan or the adoption of the prior amendments to the Redevelopment Plan.

No liability for the \$42,500,000 settlement payment has been accrued on the SA to the IUDA's financial statements as it is the liability of the City of Industry.

Advance/loan agreement

In August 2014, the City of Industry and the SA to the IUDA entered into "Agreement for Advance and Reimbursement of Costs for Construction Contracts Constituting Enforceable Obligations", the City has agreed to advance money from time to time as may be required to enable the SA to the IUDA to make timely payment of the Contract Costs, and in an aggregate amount not to exceed \$50,000,000. These advances will constitute the Loan under the Agreement and the advances shall bear no interest.

The SA to the IUDA will include the repayment of the Loan as an enforceable obligation on its Recognized Obligations Payment Schedule (ROPS) in the appropriate ROPS period. The Loan will be repaid from the sale of land proceeds account as promptly as possible. In November 2014 the City advanced the SA to the IUDA, \$34,139,469 under this agreement.

Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Subordinate Lien Tax Allocation Refunding Bonds

On November 25, 2014 the Successor Agency to the Industry Urban-Development Agency redeemed \$15,516,634 in principal of the Industry Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 2003 Subordinate Lien Tax Allocation Refunding Bonds for a total amount of \$51,592,265. Included in this amount was \$29,445,691 of compounded interest redeemed and \$6,629,940 in redemption premium. The \$51,592,265 was paid using funds from the City's Agency Tax Override Fund.

Other Supplementary Information

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
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CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1

SCHEDULE OF LONG-TERM DEBT
\$197,000,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

<u>FISCAL</u> YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2015	5.50%	\$ 2,437,225	\$ 11,260,000	\$ 2,437,225	\$ 16,134,450
2016	5.50%	2,127,575	11,775,000	2,127,575	16,030,150
2017	5.00%	1,803,763	12,320,000	1,803,763	15,927,526
2018	5.00%	1,495,763	12,910,000	1,495,763	15,901,526
2019	5.50%	1,173,013	13,535,000	1,173,013	15,881,026
2020	5.50%	800,800	14,205,000	800,800	15,806,600
2021	5.50%	410,163	14,915,000	410,163	15,735,326
TOTALS		<u>\$ 10,248,302</u>	<u>\$ 90,920,000</u>	<u>\$ 10,248,302</u>	<u>\$ 111,416,604</u>

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CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1

SCHEDULE OF LONG-TERM DEBT
\$78,720,000 2003 TAX ALLOCATION BONDS SERIES A (TAXABLE) - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST		PRINCIPAL		TOTAL	
		NOVEMBER 1,	MAY 1,	MAY 1,	MAY 1,	DEBT SERVICE	
2015	5.30%	\$ 1,166,963	\$ 4,725,000	\$ 1,166,963	\$ 7,058,926		
2016	6.00%	1,041,750	4,980,000	1,041,750	7,063,500		
2017	6.00%	892,350	5,275,000	892,350	7,059,700		
2018	6.00%	734,100	5,595,000	734,100	7,063,200		
2019	6.00%	566,250	5,930,000	566,250	7,062,500		
2020	6.00%	388,350	6,285,000	388,350	7,061,700		
2021	6.00%	199,800	6,660,000	199,800	7,059,600		
TOTALS		<u>\$ 4,989,563</u>	<u>\$ 39,450,000</u>	<u>\$ 4,989,563</u>	<u>\$ 49,429,126</u>		

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1

SCHEDULE OF LONG-TERM DEBT
\$68,090,000 2003 TAX ALLOCATION BONDS SERIES B (TAXABLE) - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST		PRINCIPAL		TOTAL	
		NOVEMBER 1,	MAY 1,	MAY 1,	DEBT SERVICE		
2015	3.88%	\$ 415,625	\$ 2,110,000	\$ 415,625	\$ 2,941,250		
2016	4.00%	374,744	2,290,000	374,744	3,039,488		
2017	4.13%	328,944	2,490,000	328,944	3,147,888		
2018	4.25%	277,588	2,610,000	277,588	3,165,176		
2019	5.00%	222,125	2,745,000	222,125	3,189,250		
2020	5.00%	153,500	2,960,000	153,500	3,267,000		
2021	5.00%	79,500	3,180,000	79,500	3,339,000		
TOTALS		<u>\$ 1,852,026</u>	<u>\$ 18,385,000</u>	<u>\$ 1,852,026</u>	<u>\$ 22,089,052</u>		

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1

SCHEDULE OF LONG-TERM DEBT
\$83,785,692 2003 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST		PRINCIPAL		TOTAL	
		DECEMBER 1,	JUNE 1,	DECEMBER 1,	JUNE 1,	DEBT SERVICE	
2015	10.00%	\$ 2,550,250	\$ 2,281,500	\$ 5,375,000	\$ 2,281,500	\$ 10,206,750	
2016	10.00%	2,281,500	1,985,750	5,915,000	1,985,750	10,182,250	
2017	10.00%	1,985,750	1,660,500	6,505,000	1,660,500	10,151,250	
2018	10.00%	1,660,500	1,302,750	7,155,000	1,302,750	10,118,250	
2019	10.00%	1,302,750	909,250	7,870,000	909,250	10,082,000	
2020	10.00%	909,250	476,250	8,660,000	476,250	10,045,500	
2021	10.00%	476,250		9,525,000		10,001,250	
TOTALS		<u>\$ 11,166,250</u>	<u>\$ 8,616,000</u>	<u>\$ 51,005,000</u>	<u>\$ 8,616,000</u>	<u>\$ 70,787,250</u>	

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1

SCHEDULE OF LONG-TERM DEBT
\$71,868,838 2005 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	6.40%	\$ 1,689,661	\$ 2,920,000	\$ 1,596,221	\$ 6,205,882
2016	6.40%	1,596,221	3,110,000	1,496,701	6,202,922
2017	6.30%	1,496,701	3,310,000	1,392,436	6,199,137
2018	6.55%	1,392,436	3,515,000	1,277,320	6,184,756
2019	6.55%	1,277,320	3,740,000	1,154,835	6,172,155
2020	6.70%	1,154,835	3,990,000	1,021,170	6,166,005
2021	6.70%	1,021,170	4,255,000	878,628	6,154,798
2022	6.70%	878,628	4,540,000	726,538	6,145,166
2023	6.70%	726,538	4,845,000	564,230	6,135,768
2024	6.80%	564,230	5,175,000	388,280	6,127,510
2025	6.80%	388,280	5,520,000	200,600	6,108,880
2026	6.80%	200,600	5,900,000		6,100,600
TOTALS		<u>\$ 12,386,620</u>	<u>\$ 50,820,000</u>	<u>\$ 10,696,959</u>	<u>\$ 73,903,579</u>

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1

SCHEDULE OF LONG-TERM DEBT
\$16,038,957 2007 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	8.00%	\$ 525,400	\$ 1,235,000	\$ 476,000	\$ 2,236,400
2016	8.00%	476,000	1,335,000	422,600	2,233,600
2017	8.00%	422,600	1,440,000	365,000	2,227,600
2018	8.00%	365,000	1,555,000	302,800	2,222,800
2019	8.00%	302,800	1,680,000	235,600	2,218,400
2020	8.00%	235,600	1,815,000	163,000	2,213,600
2021	8.00%	163,000	1,960,000	84,600	2,207,600
2022	8.00%	84,600	2,115,000		2,199,600
TOTALS		<u>\$ 2,575,000</u>	<u>\$ 13,135,000</u>	<u>\$ 2,049,600</u>	<u>\$ 17,759,600</u>

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
CIVIC-RECREATIONAL-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1

SCHEDULE OF LONG-TERM DEBT
\$33,673,437 2008 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	8.25%	\$ 1,094,651	\$ 1,810,000	\$ 1,019,989	\$ 3,924,640
2016	8.25%	1,019,989	1,959,000	939,180	3,918,169
2017	8.25%	939,180	2,121,000	851,689	3,911,869
2018	8.25%	851,689	2,296,000	756,979	3,904,668
2019	8.25%	756,979	2,486,000	654,431	3,897,410
2020	8.25%	654,431	2,691,000	543,428	3,888,859
2021	8.25%	543,428	2,913,000	423,266	3,879,694
2022	8.25%	423,266	3,153,000	293,205	3,869,471
2023	8.25%	293,205	3,413,000	152,419	3,858,624
2024	8.25%	152,419	3,695,000		3,847,419
TOTALS		<u>\$ 6,729,237</u>	<u>\$ 26,537,000</u>	<u>\$ 5,634,586</u>	<u>\$ 38,900,823</u>

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2
SCHEDULE OF LONG-TERM DEBT
\$17,270,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2015	4.25%	225,259	795,000	225,259	\$ 1,245,518
2016	4.38%	208,365	830,000	208,365	1,246,730
2017	4.40%	190,209	865,000	190,209	1,245,418
2018	4.50%	171,179	905,000	171,179	1,247,358
2019	4.60%	150,816	945,000	150,816	1,246,632
2020	4.75%	129,081	990,000	129,081	1,248,162
2021	4.75%	105,569	1,035,000	105,569	1,246,138
2022	4.75%	80,988	1,085,000	80,988	1,246,976
2023	4.75%	55,219	1,135,000	55,219	1,245,438
2024	4.75%	28,263	1,190,000	28,263	1,246,526
TOTALS		<u>\$ 1,344,948</u>	<u>\$ 9,775,000</u>	<u>\$ 1,344,948</u>	<u>\$ 12,464,896</u>

SUCCESSOR AGENCY TO THE
 INDUSTRY URBAN - DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2
 SCHEDULE OF LONG-TERM DEBT
 \$39,730,000 2003 TAX ALLOCATION BONDS (TAXABLE) - MATURITY SCHEDULE
 JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2015	5.50%	\$ 727,260	\$ 1,865,000	\$ 727,260	\$ 3,319,520
2016	5.50%	675,973	1,965,000	675,973	3,316,946
2017	6.00%	621,935	2,075,000	621,935	3,318,870
2018	6.00%	559,685	2,195,000	559,685	3,314,370
2019	6.00%	493,835	2,330,000	493,835	3,317,670
2020	6.00%	423,935	2,470,000	423,935	3,317,870
2021	6.10%	349,835	2,620,000	349,835	3,319,670
2022	6.10%	269,925	2,775,000	269,925	3,314,850
2023	6.10%	185,288	2,950,000	185,288	3,320,576
2024	6.10%	95,313	3,125,000	95,313	3,315,626
TOTALS		\$ 4,402,984	\$ 24,370,000	\$ 4,402,984	\$ 33,175,968

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2

SCHEDULE OF LONG-TERM DEBT
\$119,719,962 2003 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATE ON BONDS MATURING	PRINCIPAL DECEMBER 1,	INTEREST DECEMBER 1,	TOTAL DEBT SERVICE
2015	10.00%	\$ 5,552,646	\$ 10,563,111	\$ 16,115,757
2016	10.00%	5,987,697	13,172,024	19,159,721
2017	10.00%	6,458,357	16,325,643	22,784,000
2018	10.00%	6,965,155	20,125,364	27,090,519
2019	10.00%	7,511,061	24,697,137	32,208,198
2020	10.00%	8,100,245	30,194,737	38,294,982
2021	10.00%	8,736,159	36,798,583	45,534,742
2022	10.00%	9,421,641	44,719,511	54,141,152
2023	10.00%	10,160,670	54,212,051	64,372,721
2024	10.00%	10,901,284	65,242,738	76,144,022
TOTALS		<u>\$ 79,794,915</u>	<u>\$ 316,050,899</u>	<u>\$ 395,845,814</u>

SUCCESSOR AGENCY
 INDUSTRY URBAN - DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2

SCHEDULE OF LONG-TERM DEBT
 \$17,788,304 2005 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
 JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	6.40%	\$ 418,258	\$ 720,000	\$ 395,218	\$ 1,533,476
2016	6.40%	395,218	770,000	370,578	1,535,796
2017	6.30%	370,577	820,000	344,747	1,535,324
2018	6.55%	344,748	870,000	316,255	1,531,003
2019	6.55%	316,255	930,000	285,798	1,532,053
2020	6.70%	285,797	985,000	252,800	1,523,597
2021	6.70%	252,800	1,055,000	217,458	1,525,258
2022	6.70%	217,458	1,125,000	179,770	1,522,228
2023	6.70%	179,770	1,200,000	139,570	1,519,340
2024	6.80%	139,570	1,280,000	96,050	1,515,620
2025	6.80%	96,050	1,365,000	49,640	1,510,690
2026	6.80%	49,640	1,480,000		1,509,640
TOTALS		\$ 3,066,141	\$ 12,580,000	\$ 2,647,884	\$ 18,294,025

SUCCESSOR AGENCY
 INDUSTRY URBAN - DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2
 SCHEDULE OF LONG-TERM DEBT
 \$31,083,172 2008 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
 JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	5.75%	\$ 795,656	805,000	\$ 772,513	\$ 2,373,169
2016	5.75%	772,513	850,000	748,075	2,370,588
2017	5.75%	748,075	900,000	722,200	2,370,275
2018	5.75%	722,200	955,000	694,744	2,371,944
2019	5.75%	694,744	1,010,000	665,706	2,370,460
2020	5.75%	665,706	1,065,000	635,088	2,365,794
2021	5.75%	635,088	1,125,000	602,744	2,362,832
2022	5.75%	602,744	1,190,000	568,531	2,361,275
2023	5.75%	568,531	1,260,000	532,306	2,360,837
2024	5.75%	532,306	1,335,000	493,925	2,361,231
2025	5.75%	493,925	5,410,000	338,388	6,242,313
2026	5.75%	338,388	6,050,000	173,938	6,232,326
2027	5.75%	173,938			6,223,938
TOTALS		<u>\$ 7,743,814</u>	<u>\$ 27,675,000</u>	<u>\$ 6,948,158</u>	<u>\$ 42,366,972</u>

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(A COMPONENT UNIT OF CITY OF INDUSTRY)
TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2

SCHEDULE OF LONG-TERM DEBT
\$40,000,000 2010 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS (TAXABLE) - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30.	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	9.15%	\$ 1,610,171	\$ 1,515,000	\$ 1,540,860	\$ 4,666,031
2016	9.15%	1,540,860	1,660,000	1,464,915	4,665,775
2017	9.15%	1,464,915	1,810,000	1,382,108	4,657,023
2018	9.15%	1,382,108	1,975,000	1,291,751	4,648,859
2019	9.15%	1,291,751	2,155,000	1,193,160	4,639,911
2020	9.15%	1,193,160	2,350,000	1,085,648	4,628,808
2021	9.15%	1,085,648	2,570,000	968,070	4,623,718
2022	9.15%	968,070	2,805,000	839,741	4,612,811
2023	9.15%	839,741	3,060,000	699,746	4,599,487
2024	9.15%	699,746	3,340,000	546,941	4,586,687
2025	9.15%	546,941	3,645,000	380,183	4,572,124
2026	9.15%	380,183	3,975,000	198,326	4,553,509
2027	9.15%	198,326	4,335,000		4,533,326
TOTALS		<u>\$ 13,201,620</u>	<u>\$ 35,195,000</u>	<u>\$ 11,591,449</u>	<u>\$ 59,988,069</u>

SUCCESSOR AGENCY TO THE
 INDUSTRY URBAN - DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3
 SCHEDULE OF LONG-TERM DEBT
 \$17,455,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
 JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2015	4.25%	\$ 230,143	\$ 805,000	\$ 230,143	\$ 1,265,286
2016	4.38%	213,037	835,000	213,037	1,261,074
2017	4.40%	194,771	875,000	194,771	1,264,542
2018	4.50%	175,521	910,000	175,521	1,261,042
2019	4.60%	155,046	955,000	155,046	1,265,092
2020	4.75%	133,081	995,000	133,081	1,261,162
2021	4.75%	109,450	1,045,000	109,450	1,263,900
2022	4.75%	84,631	1,095,000	84,631	1,264,262
2023	5.00%	58,625	1,145,000	58,625	1,262,250
2024	5.00%	30,000	1,200,000	30,000	1,260,000
TOTALS		<u>\$ 1,384,305</u>	<u>\$ 9,860,000</u>	<u>\$ 1,384,305</u>	<u>\$ 12,628,610</u>

SUCCESSOR AGENCY TO THE
 INDUSTRY URBAN - DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3
 SCHEDULE OF LONG-TERM DEBT
 \$44,585,000 2003 TAX ALLOCATION BONDS (TAXABLE) - MATURITY SCHEDULE
 JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2015	5.50%	815,745	2,090,000	815,745	3,721,490
2016	5.50%	758,270	2,205,000	758,270	3,721,540
2017	6.00%	697,633	2,325,000	697,633	3,720,266
2018	6.00%	627,883	2,470,000	627,883	3,725,766
2019	6.00%	553,783	2,610,000	553,783	3,717,566
2020	6.00%	475,483	2,770,000	475,483	3,720,966
2021	6.10%	392,383	2,935,000	392,383	3,719,766
2022	6.10%	302,865	3,115,000	302,865	3,720,730
2023	6.10%	207,858	3,305,000	207,858	3,720,716
2024	6.10%	107,055	3,510,000	107,055	3,724,110
TOTALS		<u>\$ 4,938,958</u>	<u>\$ 27,335,000</u>	<u>\$ 4,938,958</u>	<u>\$ 37,212,916</u>

SUCCESSOR AGENCY TO THE
 INDUSTRY URBAN - DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3

SCHEDULE OF LONG-TERM DEBT
 \$9,726,529 2003 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
 JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	10.00%	243,250	\$ 800,000	203,250	\$ 1,246,500
2016	10.00%	203,250	875,000	159,500	1,237,750
2017	10.00%	159,500	965,000	111,250	1,235,750
2018	10.00%	111,250	1,060,000	58,250	1,229,500
2019	10.00%	58,250	1,165,000		1,223,250
TOTALS		<u>775,500</u>	<u>\$ 4,865,000</u>	<u>532,250</u>	<u>\$ 6,172,750</u>

SUCCESSOR AGENCY TO THE
 INDUSTRY URBAN - DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF CITY OF INDUSTRY)
 TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3

SCHEDULE OF LONG-TERM DEBT
 \$5,120,288 2008 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
 JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	TOTAL DEBT SERVICE
2018	10.00%	\$ 320,208	\$ 204,792	\$ 525,000
2019	10.00%	378,015	206,985	585,000
2020	10.00%	937,130	442,870	1,380,000
2021	10.00%	521,049	213,951	735,000
2022	10.00%	217,114	77,886	295,000
2023	10.00%	391,668	123,332	515,000
2024	10.00%	575,351	159,649	735,000
2025	10.00%	5,135,057	1,259,943	6,395,000
2026	10.00%	5,346,663	1,163,337	6,510,000
2027	10.00%	6,552,456	1,267,544	7,820,000
TOTALS		\$ 20,374,711	\$ 5,120,289	\$ 25,495,000



expect quality.

**CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS**

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

To the Board of Directors
Successor Agency to Industry Urban-Development Agency
City of Industry, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Successor Agency to Industry Urban-Development Agency (Successor Agency), a component unit of the City of Industry, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Eadie and Payne, LLP

December 19, 2014
Redlands, California



expect quality.

**CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS**

December 19, 2014

To the Board of Directors
Successor Agency to Industry Urban-Development Agency
City of Industry, California

We have audited the financial statements of the Successor Agency to Industry Urban-Development Agency (Successor Agency); a component unit of the City of Industry, California, for the year ended June 30, 2014. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 16, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Successor Agency are described in Note 1 to the financial statements. The Successor Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The adoption of this Statement resulted in a \$4,006,473 adjustment to beginning fiduciary net position in the current year.

The application of other existing policies was not changed during 2014. We noted no transactions entered into by the Successor Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Successor Agency's financial statements were:

- Management's estimate of the value of investments;
- Management's estimate of the collectability of long-term receivables; and
- Management's estimate of the net realizable value of assets held for sale or disposition.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure of the nature, policies, and risks related to cash and investments discussed in Note 2 to the financial statements, the disclosure of contingencies related to the HACoLA payment discussed in Note 8 and the school district agreement discussed in Note 11 and Note 12.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 19, 2014.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Successor Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to our retention as auditors for the Successor Agency. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Successor Agency to Industry Urban-Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Eadie and Payne, LLP

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

I. INTRODUCTION

This Continuing Annual Disclosure Report is filed pursuant to the Continuing Disclosure Certificates adopted by the Industry Urban-Development Agency (the "Agency") in connection with the following series of bonds (the "Bonds"), respectively, in accordance with Securities and Exchange Commission Rule 15c2-12.

1. \$197,000,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2002 Tax Allocation Refunding Bonds ("2002 Bonds").
2. \$78,720,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Refunding Bonds Series A ("2003 Bonds").
3. \$68,090,000 Industry Urban-Development Agency Civic-Recreational-Industrial Redevelopment Project No. 1 2003 Tax Allocation Refunding Bonds Series B ("2003B Bonds").

II. CONTENT OF CONTINUING ANNUAL DISCLOSURE REPORT

A. Audited Financial Statements

The Audited Financial Statements of the Agency for the Fiscal Year 2013-14 have been filed on the Electronic Municipal Market Access ("EMMA") web portal.

B. Assessed Valuation

The following sets forth the assessed valuation of taxable properties within the Civic-Recreational-Industrial Redevelopment Project No. 1 (the "Project Area").

Assessed Valuations	
<u>Fiscal Year</u>	<u>Local Secured/Unsecured</u>
2013-14	\$4,317,507,577

Source: L. A. County Assessor

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

CONTINUING ANNUAL DISCLOSURE REPORT

FISCAL YEAR 2013-2014

C. Tax Revenues

The total Tax Revenues allocated to the Agency from the Project Area for the Year 2013-14 are set forth in the table in Section D, below.

D. Debt Service Coverage

The following table sets forth the percentage by which annual Tax Revenues provided coverage for debt service on the Bonds and all other Senior Lien Debt for the fiscal years shown.

	FYE
	2013-2014
Property Tax Revenues net of administrative fees	\$ 40,895,429
Agency Tax Override	29,655,477
Total Revenues	<u>70,550,906</u>
Less Pass Through Payments	<u>(2,133,557)</u>
Net Property Tax Revenues	<u>\$ 68,417,349</u>
Senior Lien Debt:	
Prj.1 \$197,000,000 2002 Tax Allocation Refunding Bonds	
Principal:	\$ 10,785,000
Interest:	5,467,626
Prj. 1 \$78,720,000 2003 Tax Allocation Bonds, Series A	
Principal:	4,490,000
Interest:	2,751,896
Prj. 1 \$68,090,000 2003 Tax Allocation Bonds, Series B	
Principal:	1,920,000
Interest:	903,250
Total Principal and Interest Senior Lien Debt	<u>\$ 26,317,772</u>
Debt Service Coverage Ratio	<u>2.60</u>

Source: City of Industry

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

E. Top Property Owners/Taxpayers

The twenty largest local secured taxpayers in the Project Area for Fiscal Year 2013-14 and the amount of their respective secured assessed valuations within the Project Area, are shown below.

Project Area #1 2013/14 Top 20 Property Taxpayers		
Owner	Value	% of Total
1 Walnut Creek Energy LLC	\$ 388,600,000	9.71%
2 Puente Hills Mall LLC	\$ 188,681,052	4.71%
3 JCC California Properties LLC	\$ 133,293,653	3.33%
4 White Wave Food INC	\$ 100,487,350	2.51%
5 Fullerton Subs LLC	\$ 91,961,728	2.30%
6 Quemetco West LLC	\$ 80,939,878	2.02%
7 Adcor Realty Corporation	\$ 65,835,914	1.64%
8 New Age Kaleidoscope LLC	\$ 65,024,556	1.62%
9 Alta Dena Certified Dairy INC	\$ 62,548,156	1.56%
10 JSL Plaza Puente Hills INC	\$ 43,600,000	1.09%
11 Valley Giraffe LLC	\$ 40,799,927	1.02%
12 Cacique Cheese Company INC	\$ 38,320,255	0.96%
13 Grand CNTRL Recycling & Transfer Station	\$ 38,165,185	0.95%
14 Macys West Stores INC	\$ 34,837,761	0.87%
15 Eastgroup Properties L P	\$ 34,686,984	0.87%
16 Majestic Realty Company	\$ 34,315,783	0.86%
17 MCP Socal Industrial Concourse LLC	\$ 34,020,000	0.85%
18 Fleetwood - Fiber Packaging and Graphics	\$ 31,749,502	0.79%
19 Dean Foods of Southern California LLC	\$ 30,253,101	0.76%
20 Americas West Investment INC	\$ 30,006,794	0.75%
Top 20 Total:	\$ 1,568,127,579	39.17%
Project Area #1 Total:	\$ 4,003,179,786	

Source: L.A. County Assessor

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

I. INTRODUCTION

This Continuing Annual Disclosure Report is filed pursuant to the Continuing Disclosure Certificates adopted by the Industry Urban-Development Agency (the "Agency") in connection with the following captioned series of bonds (the "Bonds"), respectively, in accordance with Securities and Exchange Commission Rule 15c2-12.

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.

II. CONTENT OF CONTINUING ANNUAL DISCLOSURE REPORT

A. Audited Financial Statements

The Audited Financial Statements of the Agency for the Fiscal Year 2013-14 have been filed on the Electronic Municipal Market Access ("EMMA") web portal.

B. Assessed Valuation

The following sets forth the assessed valuation of taxable properties in the Transportation-Distribution-Industrial- Redevelopment Project No. 2 (the "Project Area").

Assessed Valuations	
<u>Fiscal Year</u>	<u>Local Secured/Unsecured</u>
2013-14	\$1,155,065,744

Source: L. A. County Assessor

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

C. Tax Revenues

The total Tax Revenues allocated to the Agency from the Project Area for the Year 2013-14 are set forth in the table in Section D, below.

D. Debt Service Coverage

The following table sets forth the percentage by which annual Tax Revenues provided coverage for debt service on the Bonds and all other Senior Lien Debt for the fiscal years shown.

	FYE
	2013-2014
Property Tax Revenues net of admin. fees	\$ 11,832,974
Agency Tax Override	8,271,544
Total Revenues	20,104,518
Less Pass Through Payments	(1,258,854)
Net Property Tax Revenues	\$ 18,845,664
Senior Lien Debt:	
Prj. 2 \$17,270,000 2002 Tax Allocation Refunding Bonds	
Principal:	\$ 765,000
Interest:	482,074
Prj. 2 \$39,730,000 2003 Tax Allocation Bonds	
Principal:	1,765,000
Interest:	1,551,596
Total Senior Lien Debt	\$ 4,563,670
Debt Service Coverage Ratio	4.13

Source: City of Industry

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

E. Top Property Owners/Taxpayers

The twenty largest local secured taxpayers in the Project Area for Fiscal Year 2013-14, and the amounts of their respective secured assessed valuations within the Project Area, are shown below:

Project Area #2 2013/14 Top 20 Property Taxpayers		
Owner	Value	% of Total
1 Industry East Land LLC	\$ 212,931,797	19.26%
2 Fairway Subs LLC	\$ 148,295,173	13.41%
3 Unical Real Estate LLC	\$ 40,972,304	3.71%
4 Industrial Park E SUB A LLC	\$ 37,970,740	3.43%
5 Grand Avenue Venture LLC	\$ 30,665,142	2.77%
6 Scannell Properties 57 LLC	\$ 29,378,651	2.66%
7 Steelcase INC Lessee	\$ 28,540,989	2.58%
8 Catellus Development Corporation	\$ 28,454,940	2.57%
9 Industry Urban Development Agency	\$ 24,961,175	2.26%
10 Santa Fe Pacific Realty Corporation	\$ 24,433,689	2.21%
11 Lee Wang LLC	\$ 21,439,876	1.94%
12 ELC Investments LLC	\$ 19,737,033	1.78%
13 218 Machlin LLC	\$ 16,812,018	1.52%
14 Dennis K and Manja L Swanson Trust	\$ 16,133,985	1.46%
15 B and R Realty LLC	\$ 15,778,266	1.43%
16 Fedex Ground Package System INC	\$ 14,830,418	1.34%
17 CAMM LLC	\$ 14,409,384	1.30%
18 AMB SGP CIF California LLC	\$ 13,770,000	1.25%
19 F and C Real Estate LLC	\$ 12,815,968	1.16%
20 NP 21301 Ferrero Parkway INC	\$ 12,306,000	1.11%
Top 20 Total:	\$ 764,637,548	69.15%
Project Area #2 Total:	\$ 1,105,716,643	

Source: L.A. County Assessor

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

I. INTRODUCTION

This Continuing Annual Disclosure Report is filed pursuant to the Continuing Disclosure Certificates adopted by the Industry Urban-Development Agency (the "Agency") in connection with the following captioned series of bonds (the "Bonds"), respectively, in accordance with Securities and Exchange Commission Rule 15c2-12.

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.

II. CONTENT OF CONTINUING ANNUAL DISCLOSURE REPORT

A. Audited Financial Statements

The Audited Financial Statements of the Agency for the Fiscal Year 2013-14 have been filed on the Electronic Municipal Market Access ("EMMA") web portal.

B. Assessed Valuation

The following sets forth the assessed valuation of taxable properties in the Transportation-Distribution-Industrial Redevelopment Project No. 3 (the "Project Area").

Assessed Valuations	
<u>Fiscal Year</u>	<u>Local Secured/Unsecured</u>
2013-14	\$656,258,619

Source: L. A. County Assessor

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

C. Tax Revenues

The total Tax Revenues allocated to the Agency from the Project Area for the Year 2013-14 are set forth in the table in Section D, below.

D. Debt Service Coverage

The following table sets forth the percentage by which annual Tax Revenues provided coverage for debt service on the Bonds and all other Senior Lien Debt for the fiscal year 2013-2014.

	FYE
	2013-2014
Property Tax Revenues net of admin. fees	\$ 6,074,762
Agency Tax Override	4,562,745
Total Revenues	10,637,507
Less Pass Through Payments	(386,997)
Net Property Tax Revenues	\$ 10,250,510
Senior Lien Debt:	
Prj. 3 \$17,455,000 2002 Tax Allocation Refunding Bonds	
Principal:	\$ 770,000
Interest:	492,048
Prj. 3 \$44,585,000 2003 Tax Allocation Bonds	
Principal:	1,980,000
Interest:	1,740,390
	\$ 4,982,438
Total Senior Lien Debt	\$ 4,982,438
Debt Service Coverage Ratio	2.06

Source: City of Industry

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
CONTINUING ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2013-2014

E. Top Property Owners/Taxpayers

The twenty largest local secured taxpayers in the Project Area for Fiscal Year 2013-14, and the amounts of their respective secured assessed valuations within the Project Area, are shown below.

Project Area #3 2013/14 Top 20 Property Taxpayers		
Owner	Value	% of Total
1 Quinn Group INC	\$ 72,548,244	12.55%
2 R R and C Development Company	\$ 63,302,343	10.95%
3 SDC Towers Industrial Park INC	\$ 36,879,368	6.38%
4 Redlands Joint Venture LLC	\$ 35,426,461	6.13%
5 Centralize Leasing Corporation	\$ 28,285,235	4.89%
6 Crossroads Properties	\$ 20,056,048	3.47%
7 Haralambos Leasing Company	\$ 18,159,248	3.14%
8 Sun Hing Properties LLC	\$ 16,200,000	2.80%
9 Lee Kum Kee USA Foods INC	\$ 15,687,896	2.71%
10 Golden State Foods Corporation	\$ 14,008,449	2.42%
11 Brook Property INC	\$ 13,375,974	2.31%
12 Seventh and Don Julian Investment Company	\$ 12,663,918	2.19%
13 Sunrider Manufacturing	\$ 11,503,267	1.99%
14 Goulds Pumps INC	\$ 11,249,226	1.95%
15 Industrial Park SUB LLC	\$ 11,173,347	1.93%
16 Theopacific Bonelli LLC	\$ 9,639,000	1.67%
17 Capitol Avenue Investors	\$ 9,484,869	1.64%
18 CT Bonelli Partners LLC	\$ 9,402,870	1.63%
19 Distinctive Appliances INC	\$ 9,176,108	1.59%
20 Edward P Roski Jr	\$ 8,914,096	1.54%
Top 20 Total:	\$ 427,135,967	73.86%
Project Area #3 Total:	\$ 578,283,325	

Source: L.A. County Assessor

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.3

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*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.4

Successor Agency to the IUDA
 Projected Cash Flow
 For Industry Business Center and Projects
 To Be Funded By Other Funds
 January 1, 2015

Exhibit 1

Industry Business Center (IBC):

	14-15B Budget	15-16A Budget	15-16B Budget	16-17A Budget	16-17B Budget	17-18A Budget	
	1/1/15 to 6/30/15	7/1/15 to 12/31/15	1/1/16 to 6/30/16	7/1/16 to 12/31/16	1/1/17 to 6/30/17	7/1/17 to 12/31/17	Totals
Land Sales	\$ 56,800,000	\$ 5,355,000	\$ 74,551,500	\$ 91,438,410	\$ 82,800,000	\$ -	\$ 310,944,910
Estimated Project Expenditures	(5,428,500)	(9,333,500)	(37,916,520)	(21,877,580)	(39,835,496)	(15,006,223)	(129,397,819)
Net	51,371,500	(3,978,500)	36,634,980	69,560,830	42,964,504	(15,006,223)	\$ 181,547,091
City Loan/Repayment	(5,000,000)		(29,139,500)				(34,139,500)
Transfers Other Projects			(2,101,660)	(3,194,581)	(47,500)	(1,100)	(5,344,841)
Funds from rental income/notes receivable	1,239,938	(393,662)	-				846,276
Beginning Cash Balance	3,818,080	51,429,518	47,057,356	52,451,176	118,817,425	161,734,429	3,818,080
Ending Cash Balance	\$ 51,429,518	\$ 47,057,356	\$ 52,451,176	\$ 118,817,425	\$ 161,734,429	\$ 146,727,106	\$ 146,727,106

Other Projects:

Landscaping Baker Parkway Slopes	\$ (133,500)	\$ (124,500)	\$ (124,500)	\$ (100,500)	\$ (14,500)	\$ -	\$ (497,500)
Diamond Bar Creek	(43,200)	(578,200)	(770,300)	(244,921)	(8,000)	(1,100)	(1,645,721)
Industry East Traffic Mitigation	(363,400)	(1,250,000)	(3,374,888)	(2,849,160)	(25,000)	-	(7,862,448)
Net	(540,100)	(1,952,700)	(4,269,688)	(3,194,581)	(47,500)	(1,100)	(10,005,669)
Transfers from land sales			2,101,660	3,194,581	47,500	1,100	5,344,841
Funds from rental income/notes receivable	540,100	1,952,700	2,168,028				4,660,828
Beginning Cash Balance	-	-	-	-	-	-	-
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note on Land Sales:

Property #40 Industry Business Center - no sales price was provided in the above cash flow at this time.

Property #41 Grand Crossing - assumed a sales price of \$50 million to be sold April 2017 for cash flow purposes, but need appraisal to determine appropriate sales price.

Property #68 Tres Hermanos Ranch - assumed a sales price of \$50 million to be sold July 2016 for cash flow purposes, but need appraisal to determine appropriate sales price.

Remaining property sales from 7/1/2015 to 12/31/2017 estimated on current market values and estimated timing of sale.

Final sales price and timing of sale may vary from estimates.

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.5

Legend:

	Sold to third party
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	Conveyance of property to Caltrans for West Bound Off Ramp taken from IBC property
	To Be Sold

No.	Property Type	Address	Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimate of Parcel Value	Current Value	Date of Estimated Current Value	APN #	Lot Size	Oversight Board Resolution # Approval	Completed Sales Transaction (Sales Price)	In Escrow	Pending Developer Signing Amended Sales Agreement	Sales Date	Buyer
1	vacant/industrial	333 Hacienda	for sale	industrial per zoning code	Nov-05	17.77 mill.	6.6 mill.		Apr-13	8208-027-913	9.5 ac.	2014-26			\$ 14,276,790.00		Davis Realty Partners LLC
2	vacant/industrial bldg.	333 Turnbull	for sale	industrial per zoning code	Dec-10	6.944 mill.	4.96 mill.		Apr-13	8208-014-900	6.63 ac.	2014-26			\$ 8,230,000.00		RDP Consulting Inc
3	industrial bldg.	300 Baldwin Park Blvd	for sale		Dec-07	17.0 mill.	Sold			8563-003-905	10.68 ac.	2012-15	\$ 7,818,214.65			3/21/2013	Baldwin Park Industrial Developers, LLC
4	industrial bldg.	17370 Gale	for sale	Auto zone-new car dealership	Jul-09	7.45 mill.	1.72 mill.		Apr-13	8264-001-945	1.32 ac.	2014-26			\$ 1,600,000.00		Peninsula Property Holdings, LLC
5	industrial bldg.	19835 E Walnut	for sale or lease	industrial per zoning code	Jan-08	5.9 mill.	1.878 mill.		Apr-13	8760-009-900	1.96 ac.						
6		17651 Railroad St	for sale	industrial per zoning code	May-08	4.1 mill.	Sold			8264-011-901	3.05 ac.	2013-13	\$ 2,238,560.00			2/5/2014	Railroad Industrial Investors, LLC
7	vacant/industrial	14624 Nelson	for sale	industrial per zoning code	Dec-10	3.33 mill.	2.52 mill.		Apr-13	8208-006-902	4.13 ac.	2014-26					General Equity Company, LLC
8	vacant/industrial	14700 Nelson	for sale	industrial per zoning code	Jul-10	6.1 mill.	4.49 mill.		Apr-13	8208-006-900 8208-006-901	7.36 ac.	2014-26			\$ 13,263,356.00		General Equity Company, LLC - Property 7 & and 8 Sales price
9	vacant/industrial	15000 Nelson	for sale	industrial per zoning code	m-2007	6.7 mill.	4.877 mill.		Apr-13	8208-011-902	6.22 ac.	2014-26	\$ 6,705,839.00				Klema Enterprises, Inc.
10	vacant/industrial bldg.	13530 Nelson	for sale	convey to City at FMV	Dec-07	5.7 mill.	1.99 mill.		Apr-13	8562-016-901	2.08 ac.						
11	vacant/industrial	15130 Nelson	for sale	industrial per zoning code	Aug-08	3.95 mill.	1.955 mill.		Apr-13	8208-011-903	2.04 ac.	2014-26					Weiss Industrial Holdings LLC
12	landscape area	15432 Nelson	for sale	convey to City at FMV	Dec-11	11.3 mill	0.834 mill		Apr-13	8208-024-906 8208-024-907	0.87 ac.						
13	vacant	2525 Workman Mill	retain for gov. use	convey to City at no cost	1983	.125 mill	.125 mill		Apr-13	8125-059-916	0.13 ac.	2014-12	NONE			6/3/2014	City of Industry
14	vacant/landscape area	SW corner Workman Mill & Crossroads	for sale	industrial per zoning code	1981	.183 mill	.805 mill		Apr-13	8120-027-270	0.84 ac.						
15	vacant/industrial	Crossroads PKY South	for sale	industrial per zoning code	1976	.77 mill	2.78 mill		Apr-13	8125-021-940 8125-021-941	3.55 ac.						
16	vacant/industrial	151 Long Lane	for sale	industrial per zoning code	Dec-10	1.465 mill.	1.292 mill.		Apr-13	8202-033-908	1.87 ac.	2014-26	\$ 2,050,530.00				New Star 21, Inc
17	vacant/industrial	125 N. Orange	for sale	industrial per zoning code	May-04	13.5 mill.	2.89 mill.		Apr-13	8202-033-906	3.69 ac.	2014-26			\$ 4,688,888.00		Quinn Development, LLC
18	commercial office bldg.	111 Hudson	for sale	industrial per zoning code	Feb-05	4.0 mill.	1.75 mill.		Apr-13	8208-024-905	1.83 ac.						Northrop Grumman Systems Corporation
19	commercial office bldg.	150 Hacienda	for sale	existing bank building	Feb-09	6.2 mill.	5.1 mill.		Apr-13	8208-025-951	.59 ac.						
20	vacant/industrial	220 Hacienda	for sale	existing bank building	Feb-09	1.475 mill.	0.937 mill.		Apr-13	8208-025-952	0.15 ac.						
21	vacant	244 Hacienda	for sale	gov. use per zoning code	Jan-80	0.127 mill.	0.5096 mill.		Apr-13	8208-025-923	0.39 ac						
22	vacant	South of Stafford North of UPRR	for sale	gov. use per zoning code	Jan-79	2.869 mill.	2.689 mill.		Apr-13	8208-025-940	3.43 ac.						
23	office bldg.	15600 Stafford	for sale	gov. use per zoning code	Mar-05	1.195 mill.	1.882 mill.		Apr-13	8208-025-948	1.44 ac.						
24	small office bldg	15710 & 15718 Stafford	for sale	gov. use per zoning code	Jan-82	.025 mill.	0.144 mill. Or 1.0 mill.		Apr-13	8245-001-901 8245-001-914	0.41 ac.	2014-26	\$ 699,792.00				Industry Security Services, Inc.
25	vacant/landscape area	South of Stafford west of Glendora	retain for gov. use	convey to City at no cost	Jan-99	.022 mill.	.022 mill.		Apr-13	8245-001-913	0.10 ac.	2014-12	NONE			6/3/2014	City of Industry
26	vacant/landscape area	South of UPRR West of Hacienda	retain for gov. use	convey to City at no cost	1982	.133 mill.	.133 mill.		Apr-13	8208-022-902 8208-022-903	0.61 ac.	2014-12	NONE			6/3/2014	City of Industry
27	vacant	South of UPRR East of Russell	retain for gov. use	convey to City at no cost	1982	.083 mill.	.083 mill.		Apr-13	8245-001-911	0.38 ac.	2014-12	NONE			6/3/2014	City of Industry
28	vacant/parking	East of Parriott Pl	for sale	gov. use per zoning code	1976	1.35 mill.	4.846 mill.		Apr-13	8208-027-911 8208-027-912	6.18 ac.	2014-26			\$ 8,301,500.00		CT Parriott, LLC (CT Realty Corp.)
29	power plant	911 Bixby	for sale	existing power plant	Mar-01	12.5 mill.	8.0 mill.		Apr-13	8242-013-901	11.48 ac.						
30	vacant/commercial	East of Azusa North of Railroad	for sale	industrial per zoning code	Mar-2001 & Jun 2010	5.525 mill.	5.987 mill.		Apr-13	8264-025-903 8264-025-904 8264-025-914 8264-025-915 8264-025-917	10.11 ac.	2014-26			\$ 42,297,849.00		CT Chestnut, LLC (CT Realty Corp.) Sales price for Properties 30 & 58
31	vacant/commercial	17201-17301 Gale	for sale	commercial with zone change	Apr-06	38.8 mill.	16.6 mill.		Apr-13	8264-001-943 8264-001-944 8264-001-928	19.08 ac.						
32	vacant	17475 Gale	for sale	new car dealership per automobile zone	Jul-03	7.5 mill.	5.86 mill.		Apr-13	8264-001-942 8264-001-941	5.38 ac.						
33	vacant/commercial	17545 Gale	for sale	new car dealership per automobile zone	Apr-05	16.7 mill.	6.5 mill.		Apr-13	8264-012-919	5.99 ac.						
34	vacant	17647 Gale	for sale	new car dealership per automobile zone	Jan-04	40.5 mill.	6.8 mill.		Apr-13	8264-013-913 8264-013-914 8264-012-923	6.25 ac.						
35	remnant/row	17723 Gale	for sale	new car dealership per automobile zone	Jan-04	40.5 mill.	4.4 mill.		Apr-13	8264-013-916	4.02 ac.						
36	remnant	17439 Railroad	retain for gov. use	convey to City at no cost	2003	.422 mill.	.422 mill.		Apr-13	8264-004-907 8264-004-909	0.44 ac.	2014-12	NONE			6/3/2014	City of Industry
37	remnant	adjacent to Fairway	retain for gov. use	convey to City at no cost	2001	.144 mill.	.144 mill.		Apr-13	8760-028-270 8760-010-938 8760-010-935	0.15 ac.	2014-12	NONE			6/3/2014	City of Industry
38	remnant	West side of Fairway south of UPRR	retain for gov. use	convey to City at no cost	Dec-88	.12 mill.	.12 mill.		Apr-13	8760-028-903	0.55 ac.	2014-12	NONE			6/3/2014	City of Industry
39	vacant/industrial	800 feet east of Garcia Ln	retain for gov. use	convey to City at no cost	1982	.65 mill.	.65 mill.		Apr-13	8709-027-036	0.3 ac.	2014-12	NONE			6/3/2014	City of Industry

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40	industrial/commercial	Ind. Bus. Center	for sale/leased to Majestic Realty	industrial/commercial per approved plans	1982 & 1983	27.632 mill.	26 mill.	Apr-13	8719-009-902,904,905,906 9 & 908 8719-007-920,921,922,906,907, 924,917 & 923	597.54 ac							
41	industrial/commercial	Grand Crossing	for sale/leased to Majestic Realty	built out industrial/commercial	1980,1981 & 1982	11.2 mill.	50 mill.	Apr-13	8709-008-021,022,023,024,025,026,027,028,029, & 030 8709-006-004,005,006,003,007,008,001,002,010, & 012 8709-027-037,034 & 032 8709-028-014 8719-006-016,017,014,015,013,012,019 & 020 8719-007-033,040,047,038,04804	425 ac.							
43	YAL Building	841 7th Ave	for sale	gov. use per zoning code	Mar-99	1.6 mill.	0.632 mill.	Apr-13	8217-001-901	0.66 ac.	2014-26			\$ 100,623.60		Majestic Realty	
44	YAL Office	205 Hudson	retain for gov. use	convey to City at no cost	Jun-01	0.444 mill.	0.471 mill.	Apr-13	8208-024-900	0.5 ac.	2014-12	NONE			6/3/2014	City of Industry	
45	Heliport	15252 Stafford	for sale	gov. use per zoning code	1982	0.24 mill.	0.878 mill.	Apr-13	8208-025-939	1.12 ac.							
46	parking & common areas for parcels 19 & 20	NW & SW corners of Hacienda & Stafford	for sale	gov. use per zoning code	1982	0.12 mill.	combined w/ other parcels	Apr-13	82028-025-938 8208-025-941	0.57 ac.							
47	parking	15625 Stafford	for sale	gov. use per zoning code	Apr-75	0.076 mill.	combined w/ other parcels	Apr-13	8208-025-907, 908, 909 & 926	5.5 ac.							
48	vacant	W side of Hacienda N of Stafford	for sale	gov. use per zoning code	2002	1.85 mill.	1.85 mill.	Apr-13	8208-025-937	1.415 ac. With #46 added							
49	Post Office & Fire Prevention	15660 Stafford	for sale	gov. use per zoning code	Nov-79	0.0519 mill.	3.6 mill.	Apr-13	8208-025-942	2.79 ac.							
50	vacant/parking	242 & 244 Hacienda	for sale	gov. use per zoning code	Aug-09	4.65 mill.	3.2 mill.	Apr-13	8208-025-954	2.46 ac.							
51	vacant/parking	N side of Stafford w of Glendora	for sale	gov. use per zoning code	1985	5.12 mill.	6.25 mill.	Apr-13	8208-025-943	5.74 ac.							
52	vacant landscape area	N side of Sotro w of Glendora	retain for gov. use	convey to City at no cost	1985	.52 mill.	.52 mill.	Apr-13	8208-025-944	0.92 ac.	2014-12	NONE			6/3/2014	City of Industry	
53	Convalescent Hospital	555 El Encanto	for sale	offer to City first	Dec-76	3.36 mill.	5.06 mill.	Apr-13	8208-027-901	5.02 ac.							
54	vacant	w side of Parriott	for sale	gov. use per zoning code	1978	1.9 mill.	6.12 mill.	Apr-13	8208-027-911 & 912	8.79 ac.							
55	Homestead Museum	15415 Don Julian	retain for gov. use	convey to City at no cost	1980	2.1 mill.	6.87 mill.	Apr-13	8208-027-906 & 907	9.86 ac.	2014-12	NONE			6/3/2014	City of Industry	
56	vacant	NW & SW corners Don Julian & Hacienda	retain for gov. use	convey to City at no cost	1980	0.086 mill.	0.086 mill.	Apr-13	8208-027-909 & 941	0.37 ac.	2014-12	NONE			6/3/2014	City of Industry	
57	Pump Station	747 Anaheim Puente	retain for gov. use	convey to City at no cost	1995	.28 mill.	1.25 mill.	Apr-13	8242-012-902	1.3 ac.	2014-12	NONE			6/3/2014	City of Industry	
58	vacant	17300 Chestnut	for sale	industrial per zoning code	Feb-02	13.49 mill.	12.28 mill.	Apr-13	8264-024-909, 918 & 908	20.14 ac	2014-26					CT Chestnut, LLC (CT Realty Corp.) Sales price for Properties 30 & 58, see property 30	
59	industrial bldg.	1123 Hatcher	for sale	industrial per zoning code	Sep-02	2.717 mill.	2.414 mill.	Apr-13	8264-004-908	3.08 ac.							
60	vacant/row	1129 & 1135 Hatcher	for sale	industrial per zoning code	Dec-08	3.55 mill.	1.79 mill.	Apr-13	8264-004-910 & 911	1.87 ac.							
61	vacant/row	Auto Mall East	retain for gov. use	convey to City at no cost	2003	2.44 mill.	2.44 mill.	Apr-13	8264-013-912	0.89 ac.	2014-12	NONE			6/3/2014	City of Industry	
62	vacant	North side of Gale south side of San Jose Creek	retain for gov. use	convey to City at no cost	2003	.209 mill.	.209 mill.	Apr-13	8264-013-915	0.16 ac.	2014-12	NONE			6/3/2014	City of Industry	
63	vacant/row	Creek	retain for gov. use	convey to City at no cost	1991	.182 mill.	.182 mill.	Apr-13	8760-023-913	0.19 ac.	2014-12	NONE			6/3/2014	City of Industry	
64		Metrolink Station - Parking Station									2012-03	NONE			6/5/2012	City of Industry	
65	Electrical Substation	208 Waddingham	for sale	convey to City at FMV of land	Feb-03	0.931 mill.	3.0 mill.	Apr-13	8719-005-905	3.86 ac.							
66	vacant/industrial	Garcia Lane	for sale	gov. use per zoning code	1981	0.53 mill.	2.239 mill.	Apr-13	8709-027-039	2.43 ac.							
67	water well	south side of San Jose Creek	retain for gov. use	convey to City at no cost	1990	0.085 mill.	0.171 mill.	Apr-13	8719-004-906	0.28 ac.	2014-12	NONE			6/3/2014	City of Industry	

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68	ranch	Grand Ave. Diamond Bar	for sale	entitlements through San Bernardino and Orange Counties	Nov-78	12.1 mill.	85-122 mill.	Apr-13	8701-021-271,8701-022-270 & 273, 1000-011-19-0000, 20-0000, 21-0000,22-0000, 1000-021-13-0000 & 14-0000, 1000-031-14-0000 & 15-0000	2,450 ac.							
70	vacant industrial	804 Azusa/Anaheim Puente	industrial per zoning code	convey to City at no cost	Mar-01	3.2 mill.	3.22 mill.	Apr-13	8264-025-901, 906 & 911	4.11 ac.	2014-13	NONE			6/3/2014	City of Industry	
71	vacant/row	adjacent to 22122 Valley	retain for gov. use	convey to City at no cost	2004	.12 mill.	.575 mill.	Apr-13	none	0.6 ac.	2014-12	NONE			6/3/2014	City of Industry	
72	Puente Basin Water rights	Puente Basin Water Rights	for sale	convey to City at FMV	1981	.30 mill.	.30 mill.	Apr-13	8242-015-058 thru 8719-004-012	NA							
73	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.001 mill.	0.012 mill.	Apr-13	part of 8719-007-922	0.01 ac.	2014-21	NONE			11/12/2014 DOF	conveyed to Caltrans at no cost	
74	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.007 mill.	0.154 mill.	Apr-13	part of 8719-007-922	0.15 ac.	2014-21	NONE			11/12/2014 DOF	conveyed to Caltrans at no cost	
75	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.003 mill.	0.080 mill.	Apr-13	part of 8719-007-922	0.08 ac.	2014-21	NONE			11/12/2014 DOF	conveyed to Caltrans at no cost	
76	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.001 mill.	0.020 mill.	Apr-13	part of 8719-007-922	0.02 ac.	2014-21	NONE			11/12/2014 DOF	conveyed to Caltrans at no cost	
77	Industrial/ Commercial	Ind. Bus. Center	retain for gov. use	convey to Caltrans at no cost	1982 & 1983	0.096 mill.	2.207 mill.	Apr-13	part of 8719-007-917 & 8719-007-907	2.20 ac.	2014-21	NONE			11/12/2014 DOF	conveyed to Caltrans at no cost	
Totals												\$ 10,056,774.65	\$ 9,456,161.00	\$ 92,759,006.60			

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.6

Successor Agency To the Industry Urban-Development Agency
 Budget vs. Actual Disbursements Comparison ROPS 14-15A
 July 1 Through December 31, 2014

Payee	ROPS Line Item	Project #	Estimated Project Expenditures Approved On ROPS 13-14A	Actual Disbursements Paid During the Period	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Actual Disbursements Paid During the Period	Estimated Project Expenditures Approved On ROPS 14-15A	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
			Period July 1, 2013 to December 31, 2013	Period July 1, 2013 to December 31, 2013	Period January 1 to June 30, 2014	At June 30, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014
Projects To Be Funded From Other Available Funds										
Landscaping Baker Parkway Slopes										
		MP 99 31 #61								
	99	CNC Engineering						20,000.00	74,102.22	(54,102.22)
	100	Environs Landscape Architecture						15,000.00	14,926.54	73.46
	101	Sage Environmental						8,000.00	-	8,000.00
A	102	Kasa Construction, Inc.			377,503.40	902,284.60	555,050.90	400,000.00	332,618.67	67,381.33
	103	Native Grow Nursery							-	-
	104	Hunter Landscape							-	-
	105	Jim Borer							-	-
	106	San Gabriel Valley Newspaper							-	-
	107	MX Graphics						500.00	999.05	(499.05)
	108	City of Industry Disposal							-	-
	109	Butsko Engineering						1,000.00	-	1,000.00
	110	International Line Builders						10,000.00	-	10,000.00
	111	Walnut Valley Water District							-	-
	112	LA County Health Dept							-	-
	112A	Leighton Consulting							-	-
		Total Landscaping Baker Parkway Slopes			\$ 377,503.40	\$ 902,284.60	\$ 555,050.90	\$ 454,500.00	\$ 422,646.48	\$ 31,853.52
Diamond Bar Creek										
		MP 99-31 #26								
	148	CNC Engineering						40,000.00	18,989.90	21,010.10
	149	Thomsen Engineering						20,000.00	718.00	19,282.00
	150	Leighton Consulting						20,000.00	42,200.20	(22,200.20)
	151	Regional Water Quality Control						5,000.00	-	5,000.00
	152	Army Corp Engineers						500.00	-	500.00
	153	Calif Dep of Fish & Game						5,000.00	-	5,000.00
	154	State Water Resources						1,000.00	-	1,000.00
	155	MX Graphics						1,500.00	82.13	1,417.87
	156	Brown & Brown Ins							-	-
	157	City of Industry Disposal							-	-
	158	San Gabriel Valley Newspaper							-	-
	159	LA County Health Dept						1,500.00	-	1,500.00
	160	So Calif Edison						50,000.00	-	50,000.00
	161	Walnut Water District						5,000.00	-	5,000.00
	162	LA County Sewer Maint District						20,000.00	-	20,000.00
	163	PBLA							-	-
	164	Native Grow Nursery						75,000.00	-	75,000.00
	165	H & H Contractors							-	-
	166	Sage Environmental						20,000.00	29,872.00	(9,872.00)
	167	WKE, Inc						10,000.00	-	10,000.00
A	266	H & H Contractors	4,014,079.00	1,660,047.34	1,912,624.96	641,406.70	698,239.59			(56,832.89)
		Total Diamond Bar Creek	\$ 4,014,079.00	\$ 1,660,047.34	\$ 1,912,624.96	\$ 641,406.70	\$ 698,239.59	\$ 274,500.00	\$ 91,862.23	\$ 125,804.88

Successor Agency To the Industry Urban-Development Agency
 Budget vs. Actual Disbursements Comparison ROPS 14-15A
 July 1 Through December 31, 2014

Payee	ROPS Line Item	Project #	Estimated Project Expenditures Approved On ROPS 13-14A	Actual Disbursements Paid During the Period	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Actual Disbursements Paid During the Period	Estimated Project Expenditures Approved On ROPS 14-15A	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
			Period July 1, 2013 to December 31, 2013	Period July 1, 2013 to December 31, 2013	Period January 1 to June 30, 2014	At June 30, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014
Industry Business Center										
		MP 99-31 #16								
The Planning Center	192							40,000.00	-	40,000.00
PBLA	193							400,000.00	357,916.94	42,083.06
Leighton Consulting	194							600,000.00	284,935.55	315,064.45
Leighton Consulting	195								-	-
CNC Engineering	196							1,000,000.00	785,962.37	214,037.63
CNC Engineering	197							40,000.00	-	40,000.00
Thomsen Engineering	198							20,000.00	-	20,000.00
Sage Environmental	199							50,000.00	54,966.00	(4,966.00)
MX Graphics	200							6,000.00	7,898.63	(1,898.63)
So Cal Sandbags	201							30,000.00	29,894.00	106.00
So Cal Edison	202							1,200,000.00	1,200,000.00	-
Verizon	203							500,000.00	-	500,000.00
So Cal Gas Co	204								-	-
Walnut Valley Water District	205								-	-
Ind Public Utilities	206							200,000.00	-	200,000.00
Time Warner Cable	207								-	-
San Gabriel Valley News Paper	208							2,000.00	-	2,000.00
First American Title Company	209							5,000.00	1,000.00	4,000.00
St Wtr Resources Cont Board	210							1,000.00	11,232.00	(10,232.00)
L A City Health Department	211							1,500.00	-	1,500.00
L A City Public Works	212								-	-
L A City Sewer Maint District	213								-	-
International Line Builders	214							15,000.00	-	15,000.00
MC Cain	215								-	-
Environs Landscape Arch	216							300,000.00	15,468.30	284,531.70
Contractor By Public Bidding	217								-	-
Contractor By Public Bidding	218								-	-
Kimley Horn & Assoc	219								-	-
Kimley Horn & Assoc	220								-	-
SCS Engineering	221							100,000.00	65,274.20	34,725.80
WKE, INC.	222							20,000.00	-	20,000.00
Bustko Engineering	223							500,000.00	302,253.76	197,746.24
A Sukut Construction, LLC	267				4,818,043.56	1,871,730.44	1,871,730.44	500,000.00	436,733.07	63,266.93
C. A. Rasmussen Inc.	270							20,329,607.00	1,933,910.00	18,395,697.00
Sukut Construction, LLC	271							22,693,112.00	1,130,753.80	21,562,358.20
Regional water Quality									3,738.00	(3,738.00)
Total Industry Business Center					\$ 4,818,043.56	\$ 1,871,730.44	\$ 1,871,730.44	\$ 48,553,219.00	\$ 6,621,936.62	\$ 41,931,282.38
Industry East Traffic Mitigation										
		MP 99-31 #65								
CNC Engineering	251							250,000.00	19,444.93	230,555.07
Geotechnical Consultant	252							50,000.00	-	50,000.00
Traffic Consultant	253								-	-
Contractor by Public Bid	254								-	-
City Of Diamond Bar	275							213,400.00	-	213,400.00
Total Industry East Traffic Mitigation							\$ -	\$ 513,400.00	\$ 19,444.93	\$ 493,955.07
Total Projects To Be Funded From Other Available Funds			\$ 4,014,079.00	\$ 1,660,047.34	\$ 7,108,171.92	\$ 3,415,421.74	\$ 3,125,020.93	\$ 49,795,619.00	\$ 7,155,890.26	\$ 42,582,895.85

Successor Agency To the Industry Urban-Development Agency
 Budget vs. Actual Disbursements Comparison ROPS 14-15A
 July 1 Through December 31, 2014

Payee	ROPS Line Item	Project #	Estimated Project Expenditures Approved On ROPS 13-14A	Actual Disbursements Paid During the Period	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Actual Disbursements Paid During the Period	Estimated Project Expenditures Approved On ROPS 14-15A	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
			Period July 1, 2013 to December 31, 2013	Period July 1, 2013 to December 31, 2013	Period January 1 to June 30, 2014	At June 30, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014
Projects To Be Funded From Bond Proceeds										
Lemon Ave Interchange at Route 60										
CNC Engineering	116	MP 03-10						\$ 20,000.00	\$ 4,201.31	\$ 15,798.69
Jacobs Civil	117							40,000.00	344,424.82	(304,424.82)
Avant-Garde	118							35,000.00	45,852.50	(10,852.50)
Caltrans (Right of Way Acquisition)	119								-	-
Contractor TBD	120								-	-
Caltrans (Construction Administration)	121							300,000.00	-	300,000.00
LA County Public Works	122							1,000.00	-	1,000.00
Total Lemon Ave Interchange at Route 60								\$ 396,000.00	\$ 394,478.63	\$ 1,521.37
Route 57/60 Confluence Project										
CNC Engineering	123	MP 99-31 #22						30,000.00	29,663.05	336.95
WKE Inc (Environmental Phase)	124							40,000.00	59,374.39	(19,374.39)
Atkins	125							100,000.00	-	100,000.00
Casey O' Callaghan Golf Course	126							40,000.00	-	40,000.00
Caltrans	127								-	-
Contractor Todd	128								-	-
The PFM Group	129								-	-
Avant-Garde	130							20,000.00	14,175.00	5,825.00
ARC Imaging Recourses	131							110.00	-	110.00
MX Graphic	132							600.00	139.52	460.48
WKE Inc (Design Phase)	133							1,550,000.00	1,071,386.64	478,613.36
Prince Global	134							110,000.00	92,368.79	17,631.21
Total Route 57/60 Confluence Project								\$ 1,890,710.00	\$ 1,267,107.39	\$ 623,602.61
Westbound Slip On- Ramp 57/60										
WKE Inc	224	MP 99-31 #22a						160,000.00	184,988.62	(24,988.62)
CNC Engineering	225							5,000.00	9,508.73	(4,508.73)
Caltrans	226							2,500,000.00	-	2,500,000.00
Avant-Garde	227							35,000.00	53,442.50	(18,442.50)
Atkins	228								-	-
MX Graphic	229							1,000.00	-	1,000.00
ARC Imaging Recourses	230							125.00	-	125.00
Total Westbound Slip On- Ramp 57/60								\$ 2,701,125.00	\$ 247,939.85	\$ 2,453,185.15
Total Projects To Be Funded From Bond Proceeds								\$ 4,987,835.00	\$ 1,909,525.87	\$ 3,078,309.13

Successor Agency To the Industry Urban-Development Agency
 Budget vs. Actual Disbursements Comparison ROPS 14-15A
 July 1 Through December 31, 2014

Payee	ROPS Line Item	Project #	Estimated Project Expenditures Approved On ROPS 13-14A	Actual Disbursements Paid During the Period	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Actual Disbursements Paid During the Period	Estimated Project Expenditures Approved On ROPS 14-15A	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
			Period July 1, 2013 to December 31, 2013	Period July 1, 2013 to December 31, 2013	Period January 1 to June 30, 2014	At June 30, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014	Period July 1 to December 31 2014	Period July 1 to December 31, 2014
Administration										
	22									
Fiscal Agent Fees	23							4,000.00	3,630.00	370.00
Fiscal Agent Fees	25							4,000.00	3,630.00	370.00
S A Employee Costs	255							384,000.00	313,297.68	70,702.32
Office/Delivery/Phone and Overhead	256							11,000.00	29,450.74	(18,450.74)
Property Management	257							52,000.00	56,793.87	(4,793.87)
Legal Services	258							514,000.00	496,020.75	17,979.25
Accounting and consulting Fees	259							172,000.00	150,455.00	21,545.00
Auditing and Review services	260							246,000.00	153,000.00	93,000.00
General Insurance and Bonding	263							110,000.00	118,747.56	(8,747.56)
Total Administration							\$ -	\$ 1,497,000.00	\$ 1,325,025.60	\$ 171,974.40
Escheated Payment										
	274							74,625.00	65,250.00	9,375.00
Total							\$ -	\$ 74,625.00	\$ 65,250.00	\$ 9,375.00
Property Maintenance 07-01-2014 through 12-31-2014										
	269							736,000.00	632,244.65	103,755.35
Total							\$ -	\$ 736,000.00	\$ 632,244.65	\$ 103,755.35
Total All Expenditures			\$ 4,014,079.00	\$ 1,660,047.34	\$ 7,108,171.92	\$ 3,415,421.74	\$ 3,125,020.93	\$ 57,091,079.00	\$ 11,087,936.38	\$ 45,946,309.73

A) Estimated project expenditures were projected to be spent in prior ROPS periods. However due to timing issues of when the ROPS Schedules were required to be submitted to the Department of Finance and when the project payments were made, some project payments from previously approved ROPS periods were paid during the ROPS 14-15A period without the corresponding unspent budget amount being carried over to the July 1 to December 31, 2014 period.

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.7

Successor Agency To the Industry Urban-Development Agency
 Budget vs. Actual Disbursements Comparison ROPS 14-15B
 January 1 Through June 30, 2015

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
				Period January 1 to June 30, 2015	Period January 1 to June 30, 2015	Period January 1 to June 30, 2015
Projects To Be Funded From Other Available Funds						
Landscaping Baker Parkway Slopes		MP 99 31 #61				
CNC Engineering	99			5,000.00	7,663.01	(2,663.01)
Environs Landscape Architecture	100			5,000.00	-	5,000.00
Kasa Construction, Inc.	102			65,000.00	8,977.50	56,022.50
Contractor - By Public Bidding	276			75,000.00	-	75,000.00
Total Landscaping Baker Parkway Slopes				\$ 150,000.00	\$ 16,640.51	\$ 133,359.49
Diamond Bar Creek		MP 99-31 #26				
CNC Engineering	148			5,000.00	-	-
Thomsen Engineering	149			5,000.00	-	5,000.00
Leighton Consulting	150			5,000.00	3,375.75	1,624.25
Regional Water Quality Control	151			1,000.00	-	5,000.00
Army Corp Engineers	152			500.00	-	500.00
Calif Dep of Fish & Game	153				-	-
State Water Resources	154				-	-
MX Graphics	155			200.00	-	200.00
Brown & Brown Ins	156				-	-
City of Industry Disposal	157				-	-
San Gabriel Valley Newspaper	158				-	-
LA County Health Dept	159			1,500.00	-	1,500.00
So Calif Edison	160			50,000.00	-	50,000.00
Walnut Water District	161			5,000.00	-	5,000.00
LA County Sewer Maint District	162			20,000.00	-	20,000.00
PBLA	163				-	-
Native Grow Nursery	164			75,000.00	-	75,000.00
H & H Contractors	165			300,000.00	-	300,000.00
Sage Environmental	166			20,000.00	-	20,000.00
WKE, Inc	167				-	-
H & H Contractors	266				-	-
Total Diamond Bar Creek				\$ 488,200.00	\$ 3,375.75	484,824.25

Successor Agency To the Industry Urban-Development Agency
 Budget vs. Actual Disbursements Comparison ROPS 14-15B
 January 1 Through June 30, 2015

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B Period January 1 to June 30, 2015	Actual Disbursements Paid During the Period Period January 1 to June 30, 2015	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period Period January 1 to June 30, 2015
Industry Business Center						
		MP 99-31 #16				
The Planning Center	192			30,000.00	-	30,000.00
PBLA	193			300,000.00	-	300,000.00
Leighton Consulting	194			1,000,000.00	77,432.08	922,567.92
Leighton Consulting	195				-	-
CNC Engineering	196			1,200,000.00	214,586.06	985,413.94
CNC Engineering	197			50,000.00	-	50,000.00
Thomsen Engineering	198			20,000.00	-	20,000.00
Sage Environmental	199			30,000.00	-	30,000.00
MX Graphics	200			5,000.00	235.44	4,764.56
So Cal Sandbags	201			10,000.00	-	10,000.00
So Cal Edison	202			1,700,000.00	-	1,700,000.00
Verizon	203			10,000.00	-	10,000.00
So Cal Gas Co	204			50,000.00	-	50,000.00
Walnut Valley Water District	205			60,000.00	-	60,000.00
Ind Public Utilities	206			100,000.00	-	100,000.00
Time Warner Cable - Not Approved by DOF	207				-	-
San Gabriel Valley News Paper	208			1,000.00	-	1,000.00
First American Title Company	209			5,000.00	-	5,000.00
St Wtr Resources Cont Board	210			1,000.00	-	1,000.00
L A City Health Department	211			1,500.00	-	1,500.00
L A City Public Works	212			85,000.00	-	85,000.00
L A City Sewer Maint District	213				-	-
International Line Builders	214			15,000.00	-	15,000.00
MC Cain	215				-	-
Environs Landscape Arch	216			300,000.00	-	300,000.00
Contractor By Public Bidding	217				-	-
Contractor By Public Bidding	218				-	-
Kimley Horn & Assoc	219			50,000.00	-	50,000.00
Kimley Horn & Assoc	220			50,000.00	-	50,000.00
SCS Engineering	221			30,000.00	-	30,000.00
WKE, INC.	222			20,000.00	-	20,000.00
Bustko Engineering	223			300,000.00	-	300,000.00
Sukut Construction, LLC	267				-	-
A C. A. Rasmussen Inc.	270		18,395,697.00		2,112,140.90	16,283,556.10
A Sukut Construction, LLC	271		21,562,358.00		1,198,910.00	20,363,448.00
Regional water Quality					-	-
Total Industry Business Center			\$ 39,958,055.00	\$ 5,423,500.00	\$ 3,603,304.48	\$ 41,778,250.52
Industry East Traffic Mitigation						
		MP 99-31 #65				
CNC Engineering	251			250,000.00	941.28	249,058.72
Geotechnical Consultant	252			50,000.00	-	50,000.00
Traffic Consultant	253			200,000.00	-	200,000.00
Contractor by Public Bid	254				-	-
City Of Diamond Bar	275			213,400.00	-	213,400.00
Total Industry East Traffic Mitigation				\$ 713,400.00	\$ 941.28	\$ 712,458.72
City / Agency reimbursement Agreement						
City of Indusatry	277			34,139,500.00		
				\$ 34,139,500.00		
Total Projects To Be Funded From Other Available Funds			\$ 39,958,055.00	\$ 40,914,600.00	\$ 3,624,262.02	\$ 43,108,892.98

Successor Agency To the Industry Urban-Development Agency
 Budget vs. Actual Disbursements Comparison ROPS 14-15B
 January 1 Through June 30, 2015

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B Period January 1 to June 30, 2015	Actual Disbursements Paid During the Period Period January 1 to June 30, 2015	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period Period January 1 to June 30, 2015
Projects To Be Funded From Bond Proceeds						
Lemon Ave Interchange at Route 60		MP 03-10				
CNC Engineering	116			\$ 20,000.00	\$ -	\$ 20,000.00
Jacobs Civil	117			85,000.00	-	85,000.00
Avant-Garde	118			35,000.00	3,510.00	31,490.00
Caltrans (Right of Way Acquisition)	119				-	-
Contractor TBD	120				-	-
Caltrans (Construction Administration)	121			300,000.00	-	300,000.00
LA County Public Works	122			1,000.00	-	1,000.00
Total Lemon Ave Interchange at Route 60				\$ 441,000.00	\$ 3,510.00	\$ 437,490.00
Route 57/60 Confluence Project		MP 99-31 #22				
CNC Engineering	123			30,000.00	-	30,000.00
WKE Inc (Environmental Phase)	124			20,000.00	-	20,000.00
Atkins	125				-	-
Casey O' Callaghan Golf Course	126			5,000.00	-	5,000.00
Caltrans	127			200,000.00	-	200,000.00
Contractor Todd	128			500,000.00	-	500,000.00
The PFM Group	129				-	-
Avant-Garde	130			40,000.00	3,335.73	36,664.27
ARC Imaging Recourses	131			110.00	-	110.00
MX Graphic	132			600.00	-	600.00
WKE Inc (Design Phase)	133			750,000.00	-	750,000.00
Prince Global	134			90,000.00	15,389.46	74,610.54
Total Route 57/60 Confluence Project				\$ 1,635,710.00	\$ 18,725.19	\$ 1,616,984.81
Westbound Slip On- Ramp 57/60		MP 99-31 #22a				
WKE Inc	224			45,000.00	-	45,000.00
CNC Engineering	225			3,000.00	-	3,000.00
Caltrans	226			2,500,000.00	-	2,500,000.00
Avant-Garde	227			35,000.00	12,635.00	22,365.00
Atkins	228				-	-
MX Graphic	229			500.00	-	500.00
ARC Imaging Recourses	230			125.00	-	125.00
Total Westbound Slip On- Ramp 57/60				\$ 2,583,625.00	\$ 12,635.00	\$ 2,570,990.00
Total Projects To Be Funded From Bond Proceeds				\$ 4,660,335.00	\$ 34,870.19	\$ 4,625,464.81

Successor Agency To the Industry Urban-Development Agency
Budget vs. Actual Disbursements Comparison ROPS 14-15B
January 1 Through June 30, 2015

Payee	ROPS Line Item	Project #	Remaining Amount Of Estimated Project Expenditures Not Spent From Previous Approved ROPS Periods	Estimated Project Expenditures Approved On ROPS 14-15B	Actual Disbursements Paid During the Period	Remaining Amount Of Estimated Project Expenditures Budgeted For The Period
				Period January 1 to June 30, 2015	Period January 1 to June 30, 2015	Period January 1 to June 30, 2015
Administration						
Fiscal Agent Fees	21			11,000.00	3,350.00	7,650.00
Fiscal Agent Fees	23			4,000.00	-	4,000.00
Fiscal Agent Fees	25			4,000.00	-	4,000.00
S A Employee Costs	255			314,000.00	104,666.67	209,333.33
Office/Delivery/Phone and Overhead	256			16,000.00	51,975.62	(35,975.62)
Property Management	257			51,000.00	8,037.70	42,962.30
Legal Services	258			438,000.00	-	438,000.00
Accounting and consulting Fees	259			145,000.00	14,765.00	130,235.00
Auditing and Review services	260			155,000.00	12,185.00	142,815.00
General Insurance and Bonding	263				-	-
Total Administration				\$ 1,138,000.00	\$ 194,979.99	\$ 943,020.01
Escheated Payment	274				-	-
Total				\$ -	\$ -	\$ -
Property Maintenance 07-01-2014 through 12-31-2014	269			736,000.00	-	736,000.00
Total				\$ 736,000.00	\$ -	\$ 736,000.00
Total All Expenditures			\$ 39,958,055.00	\$ 47,448,935.00	\$ 3,854,112.20	\$ 49,413,377.80

A These items are for the mass grading contracts which were approved in the ROPS period ending December 31, 2014. The total amount for these contracts amounted to \$44,022,719 and was funded by \$34,139,500 loaned from the City of Industry which is ROPS item 277 and \$9,883,219 of Successor Agency funds consisting of rental income, note receivable payments, etc. These amounts have been deposited into escrow accounts held at various banks to pay the vendors as work progresses.

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.8

CLIENT MEMORANDUM

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

FROM: VARNER & BRANDT LLP

SUBJECT: TRANSMITTAL OF FEBRUARY 24, 2015 OVERSIGHT BOARD MEETING AGENDA ITEM #5.8

DATE: FEBRUARY 18, 2015

The following memorandum provides the seven (7) board members (“Board Members”) of the Oversight Board (“Oversight Board”) to the Successor Agency to the Industry Urban-Development Agency (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

Agenda Item No.: 5.8

Subject: **Authorization to Execute Purchase and Sale Agreement; Disposition of Property.**
Approval for the Successor Agency to execute a purchase and sale agreement with Weiss Industrial Holdings, LLC (“Weiss”).

Request by Successor Agency: Successor Agency requests that the Oversight Board approve and authorize the execution of purchase and sale agreement with Weiss concerning the sale and disposition of certain real property located at 15130 Nelson Avenue, City of Industry (“Property”) and identified as Asset ID No. 11 in the Successor Agency’s approved long-range property management plan (“LRPMP”).

Legislative Authority of the Oversight Board:

1. *California Health and Safety Code Section 34177(e):* The Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board; provided, however that the Oversight Board may direct the Successor Agency to transfer ownership of certain assets pursuant to Section 34181(a). The disposal of the assets and properties is to be completed expeditiously and in a manner aimed at maximizing value.
2. *California Health and Safety Code Section 34177(h):* The Successor Agency must expeditiously wind down the affairs of the Former Agency in accordance with the direction of the Oversight Board.
3. *California Health and Safety Code Section 34181(a):* The Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment

agency; provided, however that the Oversight Board may instead direct the Successor Agency to transfer ownership of those assets constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to this construction or use of such an asset. The Successor Agency must dispose of assets and property expeditiously and in a manner aimed at maximizing value.

4. *California Health and Safety Code Section 34191.3*: The disposition authority of the Successor Agency and the Oversight Board under Sections 34177(e) and 34181(a), respectively, is suspended, except as to transfers for governmental use, until the Department of Finance has approved a long-range property management plan, at which point the long-range property management plan will govern the disposition and use of real property assets of the former redevelopment agency.

Application: The Successor Agency must dispose of assets and properties of the former redevelopment agency in accordance with the direction of the Oversight Board. (HSC Sections 34177(e), 34181(a).) Despite the Oversight Board's directive authority, Section 34191.3 suspended the power to direct the disposition of assets and properties of the former redevelopment agency, except for the transfer of governmental use assets, until the DOF approved the Successor Agency's LRPMP. Approval of the Successor Agency's LRPMP occurred on February 21, 2014, making the Oversight Board's directive authority under Section 34177(e) and Section 34181(a) operative. The LRPMP identifies the Property as a "For Sale" property.

Any disposition of property, whether governmental purpose or otherwise, must be done expeditiously and in a manner aimed at maximizing value. (HSC Sections 34177(e), 34181(a))

Weiss intends to acquire the Property and perform a complete upgrade the existing structure and exterior features of the Property. The Successor Agency retained Stephen G. White, MAI to determine the value of the Property, which value was established on July 25, 2014. White determined the fair market value of the Property as an industrial property to be \$2,050,000 to \$2,280,000 which provided value concessions for the required demolition of the existing structures on the Property. Weiss offered to acquire the Property for \$2,375,000.

The appraisal provides that the Property is located in a mixed-use area with mostly industrial properties and consists of 2.04 acres that is improved with a 44-year old, ±38,000 square foot industrial building and has a zoning designation of Industrial. The highest and best use of the Property is industrial redevelopment. Stephen G. White, MAI utilized the Sales Comparison Approach for determining the valuation of the Property. This method compares recent sales of reasonably similar properties to the Property considering pertinent differences such as location, size, shape, physical condition (topography), easements, existing improvements, potential or planned use, and date of sale.

We have reviewed the terms of the purchase and sale agreement. The sale of the Property is made on an "AS IS WITH ALL FAULTS" basis and includes a full release of claims. All costs

related to obtaining an appraisal of the Property and all Successor Agency legal fees in connection with the purchase and sale agreement will be the sole responsibility of Weiss (capped at \$15,000). Weiss will have a 60-day due diligence period, with an outside closing date of 30 days following the expiration of the due diligence period.

Recommendation: Based on the Department of Finance-approved LRPMP, information provided by Successor Agency staff, and the authority of the Health and Safety Code, we find the proposed approval of the purchase and sale agreement and the disposition of the Property in accordance with the terms of the purchase and sale agreement permissible and proper.

RESOLUTION NO. OB 2015-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 15130 NELSON AVENUE

WHEREAS, the Successor Agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board pursuant to California Health and Safety Code Section 34177(e); and

WHEREAS, the Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency pursuant to California Health and Safety Code Section 34181(a); and

WHEREAS, the Successor Agency is not permitted to dispose of any real property assets of the former redevelopment agency, except governmental use assets, until the Department of Finance (“DOF”) approves the Successor Agency’s long-range property management plan (“LRPMP”) pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, on February 21, 2014, the DOF issued an approval notice approving the Successor Agency’s LRPMP (“Determination Letter”); and

WHEREAS, upon receiving DOF approval of the LRPMP, the LRPMP shall govern and supersede all other provisions relating to the disposition and use of real property assets of the former redevelopment agency pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, the Successor Agency desires to sell certain real property located at 15130 Nelson Avenue, City of Industry, identified on the LRPMP as a “for sale” property (“Property”) to Weiss Industrial Holdings, LLC, a California limited liability company (“Purchaser”); and

WHEREAS, the Successor Agency intends to sell the Property to Purchaser for a purchase price of \$2,375,000.00, which represents an amount equal to or greater than the current fair market value of the Property, as determined by an appraisal performed by Stephen G. White, MAI, and

WHEREAS, the sale of the Property by Successor Agency to the Purchaser in accordance with the terms of a purchase and sale agreement (the “Purchase Agreement”), a copy of which has been made available to the Oversight Board for inspection and is attached hereto as Exhibit A; and

WHEREAS, the Oversight Board has determined that the approval of the sale and disposition of the Property pursuant to the Purchase Agreement is consistent with the terms of the approved LRPMP under Health and Safety Code Section 34181(a) and 34191.3, and is consistent with the obligation of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. Approval of Purchase Agreement; Disposition of the Property. The Oversight Board hereby approves the sale and disposition of the Property in accordance with the terms of the approved LRPMP and the Purchase Agreement.

Section 2. Authorization of Successor Agency. Upon approval of this resolution (“Resolution”) by the California Department of Finance, the Oversight Board authorizes and directs the Executive Director and/or Assistant Secretary of the Successor Agency, jointly and severally, to execute and deliver the Purchase Agreement, in substantially the form made available to the Oversight Board for inspection, and any and all other documents which they may deem necessary or advisable in order to effectuate the approval of the Resolution.

Section 3. Delivery to the California Department of Finance. The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

Section 4. Other Actions. The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. Effect. This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on February 24, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

RESOLUTION NO. OB 2015-02
ATTACHMENT A
PURCHASE AGREEMENT
[ATTACHED BEHIND THIS PAGE]

PURCHASE AGREEMENT
[15130 NELSON AVENUE]

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY
“Agency”

WEISS INDUSTRIAL HOLDINGS, LLC,
a California limited liability company
“Developer”

_____, 2015

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**PURCHASE AGREEMENT
[15130 NELSON AVENUE]**

THIS PURCHASE AGREEMENT [15130 NELSON AVENUE] (this “**Agreement**”), dated as of _____, 2015 (the “**Effective Date**”) is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the “**Agency**”), and **WEISS INDUSTRIAL HOLDINGS, LLC**, a California limited liability company (the “**Developer**”). The Agency and the Developer are hereinafter sometimes individually referred to as a “**party**” and collectively referred to as the “**parties**”.

RECITALS

This Agreement is entered into with reference to the following facts:

A. The Agency owns the fee interest in that certain real property located in the City of Industry, County of Los Angeles, State of California, as more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference (such real property is referred to herein as the “**Property**”). The Developer wishes to acquire fee title to the Property from the Agency to enable the Developer to construct the Improvements (as such term is defined in Section 1.1.22) on the Property (the “**Project**”).

B. Development of the Project will assist in the elimination of blight, provide jobs, and substantially improve the economic and physical conditions in the City, and is in the best interests of the Agency and City, and the health, safety and welfare of the residents and taxpayers of the City.

C. A material inducement to the Agency to enter into this Agreement is the agreement by the Developer to rehabilitate the Project within a limited period of time, and the Agency would be unwilling to enter into this Agreement in the absence of an enforceable commitment by the Developer to develop the Project within such period of time.

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Agency means the Successor Agency to the Industry Urban-Development Agency. The principal office of the Agency is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase Agreement.

1.1.3 Breach Notice is defined in Section 5.7.

1.1.4 Certificate of Completion means a certificate described in Section 3.7, to be provided by the Agency to the Developer upon satisfactory completion of construction of the Improvements.

1.1.5 Certificate of Occupancy means a final certificate of occupancy issued by the City for all of the Improvements.

1.1.6 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, City of Industry, California 91744.

1.1.7 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.8 Commencement Date is defined in Section 3.1.1.

1.1.9 Completion Date is defined in Section 3.1.1.

1.1.10 Deemed Disapproved Exceptions is defined in Section 2.5.2.

1.1.11 Default is defined in Section 6.2.

1.1.12 Deposit is defined in Section 2.2.1.

1.1.13 Developer means Weiss Industrial Holdings, LLC, a California limited liability company. The principal office of the Developer for purposes of this Agreement is 10616 Rush Street, South El Monte, California 91733-3432.

1.1.14 Disapproved Exceptions is defined in Section 2.5.2.

1.1.15 Disapproval Notice is defined in Section 2.5.2.

1.1.16 Due Diligence Period is defined in Section 2.7.

1.1.17 Escrow is defined in Section 2.3.1.

1.1.18 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com.

1.1.19 Grant Deed is defined in Section 2.5.3.

1.1.20 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” “toxic substances,” “pollutant or contaminant,” “imminently hazardous chemical substance or mixture,” “hazardous air pollutant,” “toxic pollutant,” or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto

applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. (“**CERCLA**”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term “**Hazardous Materials**” shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl’s; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.21 Holder is defined in Section 4.3.2.

1.1.22 Improvements means the improvements described in Section 3.1.1.

1.1.23 Outside Date is defined in Section 2.3.2.

1.1.24 Oversight Board means the Oversight Board of the Successor Agency to the Industry Urban-Development Agency.

1.1.25 Plans and Specifications means the plans and specifications approved by the City for construction of the Improvements.

1.1.26 Project is defined in Recital A.

1.1.27 Property is defined in Recital A.

1.1.28 Purchase Price is defined in Section 2.1.

1.1.29 Released Parties is defined in Section 2.8.

1.1.30 Review Period is defined in Section 2.5.2.

1.1.31 Right of Entry Agreement is defined in Section 2.7.

1.1.32 Schedule of Performance means the schedule attached hereto as Exhibit “B” and incorporated herein by this reference.

1.1.33 Survey is defined in Section 2.5.1.

1.1.34 Title Company is defined in Section 2.5.4.

1.1.35 Title Policy is defined in Section 2.5.4.

1.1.36 Title Report is defined in Section 2.5.1.

1.1.37 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2 PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Developer, and the Developer agrees to purchase the Property from the Agency, for the sum of Two Million Three Hundred and Seventy Five Thousand (\$2,375,000.00) (the "**Purchase Price**"). In addition, Developer shall reimburse the Agency for the Agency's costs of obtaining an appraisal of the Property and the Agency's legal costs in connection with this Agreement and the disposition of the Property under this Agreement; such costs shall not exceed Fifteen Thousand Dollars (\$15,000.00) (the "**Disposition Costs**") and will be paid by Developer to Agency at the Closing through the Escrow (as hereinafter defined).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Developer as follows:

2.2.1 Deposit. Within five (5) business days following the opening of Escrow, Developer shall deposit with Escrow Holder the sum of Twenty-Three Thousand Seven Hundred and Fifty Dollars (\$23,750.00), and unless Developer terminates this Agreement during the Due Diligence Period under Section 2.7 below, Developer shall deposit with Escrow Holder an additional Ninety-Five Thousand Dollars (\$95,000.00) within five (5) business days following the Due Diligence Period, all in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the "**Deposit**"). The Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Developer and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. Prior to the Close of Escrow, Developer shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expense and proration payable by Developer hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties' full execution of this Agreement, the Developer and the Agency shall open an escrow (the "**Escrow**") with the Escrow Holder for the transfer of the Property to the Developer. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. "**Close of Escrow**" or "**Closing**" means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price and Disposition Costs (less any costs, expenses and prorations payable by the Agency) to the Agency. Possession of the Property shall be delivered to the Developer on the Close of Escrow. Close of Escrow shall occur within thirty (30) days following the expiration of the Due Diligence Period (the "**Outside Date**") or this Agreement shall automatically terminate; provided, however, the Outside Date may be extended upon written consent of the Developer and the Executive Director of the Agency, which consent may be given or withheld in the exercise of their sole discretion. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Developer, then the Agency shall be entitled to the Deposit under Section 6.3.1). If the Closing does not occur due to a termination by Developer under Section 2.5.2, then the Deposit shall be returned to Developer, and Developer shall pay all Escrow cancellation fees (which may be deducted from the Deposit). If the Closing does not occur for any other reason, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Developer, and each party shall pay one half (1/2) of any Escrow cancellation charges.

2.3.3 Delivery of Closing Documents.

(a) The Agency and Developer agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Agency, conveying a fee simple interest in the Property to Developer, subject only to such exceptions to title as Developer may have approved or have been deemed to approve pursuant to Section 2.5.2;

(ii) The Agency's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iii) A Certification of Non-Foreign Status signed by Agency in accordance with Internal Revenue Code Section 1445; and

(iv) Such proof of the Agency's and Developer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

The Agency and the Developer further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Agency and Developer to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the Agency, the Developer shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Developer hereunder (including the Agency's appraisal costs).

2.4.2 For the benefit of the Agency, all actions and deliveries to be undertaken or made by Developer on or prior to the Close of Escrow as set forth in the Schedule of Performance shall have occurred, as reasonably determined by the Agency.

2.4.3 For the benefit of the Developer, all actions and deliveries to be undertaken or made by the Agency on or prior to the Close of Escrow shall have occurred, as reasonably determined by the Developer.

2.4.4 For the benefit of the Agency, all Agency approvals required by the Schedule of Performance to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of the Agency, the Developer shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Developer shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of the Developer, the Agency shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Agency shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of the Agency, the representations and warranties of the Developer contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of the Developer, the representations and warranties of the Agency contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of the Developer, Title Company shall be irrevocably committed to issuing in favor of the Developer the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Developer, as provided in Section 2.5.2.

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall, at the option of the benefitted party, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder, and Developer shall be entitled to the immediate refund of the Deposit.

2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, the Agency shall deliver to the Developer for the Developer's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and legible copies of any instruments noted as exceptions thereon, and (ii) any survey of the Property in the Agency's possession. The Developer at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and the Agency shall cooperate with the same. Any survey provided by the Agency or obtained by the Developer are each a "**Survey**" hereunder.

2.5.2 The Developer shall have until the expiration of the Due Diligence Period (the "**Review Period**") to disapprove any exceptions to title shown on the Title Report or reflected on the Survey (collectively, "**Disapproved Exceptions**") and to provide Agency with notice thereof describing the defect with reasonable particularity (the "**Disapproval Notice**"). Any exceptions to title not disapproved within the Review Period shall be deemed approved. Within five (5) days after the Agency's receipt of the Disapproval Notice, the Agency shall notify the Developer whether or not the Agency intends to remove the Disapproved Exceptions. The Agency shall be under no obligation to remove any Disapproved Exception, but the Agency agrees to cooperate in good faith with the Developer in the Developer's efforts to eliminate any Disapproved Exception, provided the Agency is not obligated to pay any sum or assume any liability in connection with the elimination of any such Disapproved Exception. If the Agency notifies the Developer that the Agency intends to eliminate any Disapproved Exception, the Agency shall do so concurrently with or prior to the Close of Escrow. If the Agency notifies the Developer that the Agency does not intend to eliminate any Disapproved Exception(s), the Developer, by notifying the Agency within five (5) days after its receipt of such notice, may elect to terminate this Agreement and receive a refund of the Deposit or take the Property subject to the Disapproved Exception(s). If Developer desires to terminate this Agreement, Agency shall have the right, but not obligation, to purchase from Developer any due diligence reports or studies obtained by Developer during the Due Diligence Period. The cost of the reports and studies shall be the amount Developer paid to have said report or study performed. Notwithstanding the foregoing, the Agency covenants to pay in full all loans secured by deeds of trust, any mechanics' and materialmen's liens, and any other monetary liens (other than liens for charges, assessments, taxes, and impositions subject to proration as provided in Section 2.6.2) (collectively, the "**Deemed Disapproved Exceptions**") prior to, or concurrently with, the Close of Escrow, and Escrow Holder is hereby directed to cause the same to be paid from the Purchase Price. The Title Policy shall include such endorsements as the Developer shall reasonably request. Any endorsements to the Title Policy are to be paid for by the Developer. Notwithstanding the foregoing, the Developer may notify the Agency of its disapproval of an exception to title (including exceptions reflected on the Survey) first raised by Title Company or

the surveyor after the Review Period, or otherwise first disclosed to the Developer after the Review Period, by the earlier of (a) within ten (10) days after the same was first raised or disclosed to the Developer in writing, and (b) fifteen (15) days prior to the Close of Escrow. With respect to any exceptions disapproved by the Developer in such notice, the Agency shall have the same option to eliminate such exceptions that applies to Disapproved Exceptions, and the Developer shall have the same option to accept title subject to such exceptions or to terminate this Agreement and receive a refund of the Deposit.

2.5.3 At the Close of Escrow, the Developer shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "C" and incorporated herein by this reference (the "**Grant Deed**").

2.5.4 At Closing, the Developer shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), together with all endorsements requested by the Developer, issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring that title to the Property is free and clear of all Disapproved Exceptions, all Deemed Disapproved Exceptions and all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as the Developer approves in writing including those reflected in the Title Report for the Property approved by Developer, or as are deemed approved by Developer as provided in Section 2.5.2. The Developer may obtain an extended coverage policy of title insurance at its own costs.

2.6 Escrow and Title Charges; Prorations.

2.6.1 The Agency shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy. Developer shall pay the costs of (i) any Survey obtained by the Developer, (ii) any endorsements to the Title Policy and (iii) any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the Agency. In addition, the Developer and the Agency shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be prorated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the Agency and Developer shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Due Diligence Period; Access. During the period (the “**Due Diligence Period**”) commencing on the Effective Date and ending at 5:00 p.m. on the date which is sixty (60) days after the Effective Date, the Developer may inspect the Property as necessary to (i) approve all zoning and land use matters relating to the Property, (ii) approve the physical condition of the Property, and (iii) satisfy any due diligence requirements of the Developer’s lender, if any. Subject to the terms of the Right of Entry and Access Agreement in the form of which is attached hereto as Exhibit “D” (the “**Right of Entry Agreement**”), the Developer and its agents shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Prior to the Developer’s entry upon the Property, the parties shall execute the Right of Entry Agreement. The Agency shall reasonably cooperate with the Developer in its conduct of the due diligence review during the Due Diligence Period. In the event the Developer does not approve of the condition of the Property for any reason by written notice to the Agency prior to the expiration of the Due Diligence Period, this Agreement shall terminate, the Deposit shall be returned to Developer (including any interest earned thereon) the costs of Escrow shall be paid 50/50 by Agency and Developer (as set forth in Paragraph 2.3.2 above) and, except as otherwise expressly stated in this Agreement, neither party shall have any further rights or obligations to the other party.

2.8 Condition of the Property. The Property shall be conveyed from the Agency to the Developer on an “AS IS” condition and basis with all faults and the Developer agrees that the Agency has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Developer and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the Agency, the City and the Oversight Board, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency’s, City’s or Oversight Board’s behalf (collectively, the “**Released Parties**”) from any and all claims, responsibility and/or liability that the Developer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.8. This release includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer’s release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Property in a condition suitable for development of the Project thereon. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE

PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE DEVELOPER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE DEVELOPER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE DEVELOPER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BY INITIALING BELOW, DEVELOPER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Developer's Initials

The waivers and releases by the Developer herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Developer for any fees, charges and costs payable by the Developer under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Developer of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the Agency for any fees, charges and costs payable by the Agency under this Article. Before such payments are made, the Escrow Holder shall

notify the Agency and the Developer of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the Agency and the Developer; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Developer.

2.9.3 All communications from the Escrow Holder to the Agency or the Developer shall be directed to the addresses and in the manner established in Section 7.3 of this Agreement for notices, demands and communications between the Agency and the Developer.

2.9.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3 DEVELOPMENT OF THE PROPERTY

3.1 Scope of Development.

3.1.1 The “**Improvements**” to be completed by Developer shall be those described on Exhibit “E” attached hereto and incorporated herein by this reference. The Developer shall, subject to extension for force majeure delays as provided in Section 7.9 below, commence construction of the Project no later than the date One Hundred Eighty (180) days after the Close of Escrow (“**Commencement Date**”). Subject to force majeure delays as provided in Section 7.9 below, the Project shall be completed no later than Three Hundred Forty (340) days after the Commencement Date (“**Completion Date**”). To the extent of any inconsistency between the Schedule of Performance and this Section 3.1.1, this Section 3.1.1 shall control.

3.1.2 The Developer shall submit all appropriate Plans and Specifications pertaining to the Improvements to the City, and shall construct the Improvements, and all associated public infrastructure improvements required by the City, pursuant to the City’s conditions of approval, if any, and all parking areas and landscaping, in accordance with and within the limitations established therefor in this Agreement and as required by the City. The Developer shall also comply with any and all applicable federal, state and local laws, rules and regulations, and any applicable mitigation measures adopted pursuant to the California Environmental Quality Act. The Agency shall cooperate in all reasonable respects, at no out-of-pocket cost to the Agency, with the Developer’s pursuit and acquisition of permits and approvals for the Project from all applicable governmental and quasi-governmental agencies and public utilities.

3.2 Cost of Construction. The cost of constructing all Improvements and all public infrastructure improvements relating to the Project or required by the City or Agency in connection with the Project, if any, shall be borne by the Developer.

3.3 Construction Schedule. Subject to force majeure delays as provided in Section 7.9, the Developer shall begin and complete all construction within the times specified in the Schedule of Performance.

3.4 Rights of Access. In addition to those rights of access to and across the Property to which the Agency and the City may be entitled by law, members of the staffs of the Agency and the City shall have a reasonable right of access to the Property, without charge or fee, at any reasonable time, to inspect the work being performed at the Property.

3.5 Local, State and Federal Laws. The Developer shall carry out the construction of the Improvements in conformity with all applicable laws, including all applicable federal, state and local prevailing wage laws, occupation, safety and health laws, rules, regulations and standards.

3.6 Nondiscrimination During Construction. The Developer, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

3.7 Certificate of Completion.

3.7.1 After (i) completion of construction by the Developer of all of the Improvements, (ii) the Developer has obtained a Certificate of Occupancy, and (iii) the Developer has caused a notice of completion (as described in California Civil Code Section 3093) with respect to the Improvements to be recorded in the Official Records of Los Angeles County, California, the Agency shall, following written request by the Developer, furnish the Developer with a Certificate of Completion for the Improvements within ten (10) business days of such request. The Certificate of Completion shall be in the form attached hereto as Exhibit "F" and incorporated herein by this reference. The Agency shall not unreasonably withhold, condition or delay the issuance of the Certificate of Completion. The Certificate of Completion shall be, and shall so state that it is, a conclusive determination of satisfactory completion by the Developer of all of its construction obligations under this Agreement as to the Improvements.

3.7.2 If the Agency refuses or fails within ten (10) business days after receipt of a written request from the Developer to issue a Certificate of Completion, the Agency shall provide the Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also specify the actions the Developer must take to obtain a Certificate of Completion for the Improvements. If the reason for such refusal is confined to the immediate availability of specific items or material for landscaping or any other non-structural matters, and the costs of completion does not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), the Agency shall issue its Certificate of Completion upon the Developer's depositing with the Agency cash or an irrevocable standby letter of credit issued by

a bank or other financial institution acceptable to the Agency in an amount equal to the fair value of the work not yet completed as determined by the Agency. The determination of fair value shall be made by the Agency in the exercise of its reasonable judgment.

3.7.3 The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, trust deed or other security instrument. Such Certificate of Completion shall not be construed as a notice of completion as described in California Civil Code Section 3093.

ARTICLE 4 LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS

4.1 Limitation As To Transfer of the Property and Assignment of Agreement. Prior to the Agency's issuance of the Certificate of Completion, the Developer shall not transfer its rights and obligations, in whole or in part, under this Agreement, or sell, assign, transfer, encumber, pledge or lease the Property, nor cause or suffer a change of more than 49% of the Ownership interests in Developer, directly or indirectly, in one or a series of transactions, without the Agency's prior written consent, which consent shall not be unreasonably withheld or delayed. The Developer acknowledges that the identity of the Developer is of particular concern to the Agency, and it is because of the Developer's identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement in violation of the terms hereof. Notwithstanding any provision contained herein to the contrary, this prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Project, or any mortgage or deed of trust permitted by this Agreement. Upon the Agency's issuance of a Certificate of Completion, the Developer may transfer the Property to a transferee without restriction so long as the transferee agrees to all of the applicable covenants and conditions set forth in Article 5 of this Agreement.

Upon providing ten (10) days prior written notice to Developer, the Agency may assign its rights and obligations, in whole or in part, under this Agreement to the City without the prior consent of the Developer.

4.2 Limitation As To Transfer of the Property and Assignment of Agreement. Prior to the Agency's issuance of the Certificate of Completion, the Developer shall not transfer its rights and obligations, in whole or in part, under this Agreement, or sell, assign, transfer, encumber, pledge or lease the Property, nor cause or suffer a change of more than 49% of the Ownership interests in Developer, directly or indirectly, in one or a series of transactions, without the Agency's prior written consent, which consent shall not be unreasonably withheld or delayed. The Developer acknowledges that the identity of the Developer is of particular concern to the Agency, and it is because of the Developer's identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement in violation of the terms hereof. Notwithstanding any provision contained herein to the contrary, this prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Project, or any mortgage or deed of trust permitted by this Agreement. Upon the Agency's issuance of a Certificate of Completion, the Developer may transfer the Property to a transferee

without restriction so long as the transferee agrees to all of the applicable covenants and conditions set forth in Article 5 of this Agreement.

Upon providing ten (10) days prior written notice to Developer, the Agency may assign its rights and obligations, in whole or in part, under this Agreement to the City without the prior consent of the Developer.

4.3 Security Financing; Right of Holders.

4.3.1 No Encumbrances Except Mortgages, Deeds of Trust, Conveyances or Other Conveyance for Financing For Development.

(a) Notwithstanding Section 4.1 or any other provision herein to the contrary, only mortgages, deeds of trust, sales and leasebacks, or any other form of encumbrance, conveyance, security interest or assignment required for any reasonable method of construction and permanent financing are permitted prior to the issuance of a Certificate of Completion for the Property, but only for the purpose of securing loans of funds to be used for the purchase of the Property or financing the direct and indirect costs of the development of the Project (including reasonable and customary developer fees, loan fees and costs, and other normal and customary project costs), and each such loan secured by the Property shall expressly allow for its prepayment or assumption (upon payment of a market standard prepayment or assumption fee) by and at the option of the City upon the exercise of its option to purchase provided in Section 5.7.

(b) The words “mortgage” and “deed of trust” as used herein include all other appropriate modes of financing commonly used in real estate acquisition, construction and land development. Any reference herein to the “holder” of a mortgage or deed of trust shall be deemed also to refer to a lessor under a sale and leaseback.

4.3.2 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the Agency shall deliver a notice or demand to the Developer with respect to any Default by the Developer in completion of development of the Project or otherwise, the Agency shall at the same time deliver a copy of such notice or demand to each holder of record of any first mortgage, deed of trust or other security interest authorized by this Agreement who has previously made a written request to the Agency for special notice hereunder (a “**Holder**”). No notice of Default to the Developer shall be effective against any such Holder unless given to such Holder as aforesaid. Such Holder shall (insofar as the rights of the Agency are concerned) have the right, at such Holder’s option, within sixty (60) days after receipt of the notice, to cure or remedy any such Default and to add the cost thereof to the security interest debt and the lien of its security interest; provided, however, that if longer than sixty (60) days is required to cure such Default, such longer period shall be granted to Holder, provided that Holder diligently pursues such cure during such longer period. If such Default shall be a default which can only be remedied or cured by such Holder upon obtaining possession of the Property, such Holder shall seek to obtain possession of the Property with diligence and continuity through a receiver or otherwise, and shall remedy or cure such Default within a reasonable period of time as necessary to remedy or cure such Default of the Developer.

If such Default shall be a default as to or by Developer which cannot be cured, Agency shall not seek to enforce the same against Holder and Holder shall not be subject thereto.

4.3.3 Noninterference with Holders. The provisions of this Agreement do not limit the right of Holders to foreclose or otherwise enforce any mortgage, deed of trust, or other security instrument encumbering the Property and the improvements thereon, or the right of Holders to pursue any remedies for the enforcement of any pledge or lien encumbering the Property; provided, however, that in the event of a foreclosure sale under any such mortgage, deed of trust or other lien or encumbrance, or sale pursuant to any power of sale contained in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns, and the Property, shall be, and shall continue to be, subject to all of the conditions, restrictions and covenants of this Agreement and all documents and instruments recorded pursuant hereto.

ARTICLE 5 USE OF THE PROPERTY

5.1 Use. The Developer covenants and agrees for itself, and its successors and its assigns, that the Developer, such successors, and such assignees shall use the Property, and every part thereof, only for the construction of the Improvements thereon, and thereafter for any use permitted by applicable laws. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon or assigns the Agreement in accordance with this Agreement, the Developer shall be relieved of any further responsibility under this Section 5.1 as to the Property so conveyed.

5.2 Maintenance of the Property. After completion of the Project, Developer shall maintain the Property and the Project (including landscaping) in a commercially reasonable condition and repair to the extent practicable and in accordance with industry health and safety standards. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.2 as to the Property so conveyed.

5.3 Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Developer (itself or any person claiming under or through the Developer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.3 as to the Property so conveyed.

5.4 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation clauses:

5.4.1 In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.4.2 In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.4.3 In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision

(p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.5 Restrictive Covenant. In order to insure the Developer’s compliance with the covenants set forth in Sections 5.1, 5.2, 5.3, and 5.4 hereof, such covenants shall be set forth in the Grant Deed. Such covenants shall run with the Property for the benefit of the Agency and the Agency shall have the right to assign all of its rights and benefits therein to the City.

5.6 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Developer and its successors and assigns and shall remain in effect for the following periods, and each of which shall be set forth with particularity in any document of transfer or conveyance by the Developer:

(1) The non-discrimination and non-segregation requirements set forth in Sections 5.1, 5.3 and 5.4 shall remain in effect in perpetuity;

(2) The maintenance requirements set forth in Section 5.2 shall remain in effect for the period described therein, and;

(3) Easements to the Agency, City or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

(4) The use requirement regarding using the Property only for the construction of the Improvements set forth in Section 5.1 shall remain in effect until the earlier of the completion of the Improvements, or one (1) year after Close of Escrow if the reason for the failure to complete the Improvements is not due to a default by Developer. The use requirement regarding using the Property for any lawful purpose shall remain in effect in perpetuity.

5.7 Option to Purchase for Failure to Complete Construction. If the Developer shall fail to commence construction of the Improvements on or prior to the Commencement Date or complete the construction of the Improvements on or prior to the Completion Date, both subject to force majeure delays as provided in Section 7.9, the Agency may give written notice (a “**Breach Notice**”) of such breach to the Developer and, if applicable, to any Holder. The Developer shall have a period of thirty (30) days after the date of the Breach Notice to cure said breach, or if a cure is not possible within such thirty (30) day period, to commence such cure and diligently prosecute the same to completion, which shall in any event not exceed ninety (90) days from the date of the Breach Notice. In the event that the Developer shall fail to cure such breach

within such period, the City shall have the right, at its option, to purchase and take possession of the Property with all improvements thereon. To exercise its option to purchase and take possession of the Property, the City shall pay to the Developer, in cash, an amount equal to:

1. the Purchase Price paid to Agency for the Property; plus
2. the amount, if any, of the costs incurred by Developer for on-site labor and materials for the construction of the Improvements, as well as fees and commissions paid to architects, designers, other design professionals, lawyers, accountants and brokers, that are not otherwise payable or paid from the proceeds of any loan secured by any Holders' mortgage or deed of trust encumbering the Property or the Improvements, provided such costs are reasonably documented by reasonable evidence delivered to the Agency and City within thirty (30) days after the Purchase Notice (as hereinafter defined) and such sums are reflected in an overall Project budget approved in writing by the Agency prior to the commencement of construction on the Property; less
3. any and all sums outstanding under any Holder's mortgage or deed of trust encumbering the Property or the Improvements and any prepayment premium and expenses related thereto.

The City's option to purchase and take possession of the Property pursuant to this Section 5.7 must be exercised by City, if at all, by giving sixty (60) days written notice to Developer ("**Purchase Notice**"). If timely notice is given by the City, then the City must purchase and take possession of the Property, and close escrow for the purchase, within six (6) months after the act or failure to act giving rise to such option. If the City fails to timely notice its option to purchase or fails to timely purchase, then the option of the City to purchase shall be terminated. Developer agrees to cooperate in good faith, and to promptly execute and record all documents necessary to effect the option to purchase described in this Section 5.7. City is a third party beneficiary of this Article 5.

ARTICLE 6 EVENTS OF DEFAULT, REMEDIES AND TERMINATION

6.1 Developer Events of Defaults. Occurrence of any or all of the following, if uncured after the expiration of any applicable cure period, shall constitute a default ("**Developer Event of Default**") under this Agreement:

6.1.1 The Developer's failure to commence construction of the Improvements or to complete construction of the Improvements as provided herein and the Developer's failure to cure such breach, as provided in Section 5.7, provided that such failure is not due to causes beyond the Developer's control as provided in Section 7.9; or

6.1.2 The Developer's sale, lease, or other transfer, or the occurrence of any involuntary transfer, of the Property or any part thereof or interest therein in violation of this Agreement; or

6.1.3 The Developer's neglect, failure or refusal to keep in force and effect any permit or approval with respect to development of the Project (and the Agency shall reasonably

cooperate with the Developer as to the same), unless such failure is due to causes beyond the Developer's reasonable control as provided in Section 7.9, or any policy of insurance required hereunder, and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or

6.1.4 Filing of a petition in bankruptcy by or against the Developer or appointment of a receiver or trustee of any property of the Developer, or an assignment by the Developer for the benefit of creditors, or adjudication that the Developer is insolvent by a court, and the failure of the Developer to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

6.1.5 The Developer's failure to perform any requirement or obligation of Developer set forth herein or in the Schedule of Performance, on or prior to the date for such performance set forth herein or in the Schedule of Performance (subject to delays pursuant to Section 7.9), and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or

6.1.6 The Developer's failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

6.2 Agency Events of Default. Occurrence of any or all of the following, if uncured after the expiration of the applicable cure period, shall constitute a default ("**Agency Event of Default**", and together with the Developer Event of Default, a "**Default**") under this Agreement:

6.2.1 The Agency, in violation of the applicable provision of this Agreement, fails to convey the Property to Developer at the Close of Escrow; or

6.2.2 The Agency breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Developer shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

6.3 Remedies in the Event of Default.

6.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Developer or Agency, prior to the Close of Escrow, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party. If such breach or default is not cured within such ten (10) day period (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate, and if Developer is the non-defaulting party, Developer shall

thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

In the event of a Default under this Agreement after the Close of Escrow, the non-defaulting party may seek against the defaulting party any available remedies at law or equity, including but not limited to the right to receive reimbursement for its documented out-of-pocket costs relating to this purchase transaction or to pursue an action for specific performance, but in no event shall such non-defaulting party be entitled to receive any consequential or special damages. In addition, the City shall have the option to purchase and take possession of the Property as set forth in Section 5.7.

IF THE DEVELOPER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE DEVELOPER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. THE AGENCY AND DEVELOPER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE AGENCY WOULD SUFFER UPON THE DEVELOPER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE DEVELOPER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE DEVELOPER AND AGENCY DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE DEVELOPER AND AGENCY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

Agency

Developer

6.3.2 Liberal Construction. The rights established in this Agreement are to be interpreted in light of the fact that the Agency will convey the Property to the Developer for development and operation of the Project thereon and not for speculation in undeveloped land or for construction of different improvements. The Developer acknowledges that it is of the essence of this Agreement that the Developer is obligated to complete all Improvements comprising the Project.

6.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Agency, City or Oversight Board shall personally be liable to the Developer, or any successor in interest of the Developer, in the

event of any Default or breach by the Agency, or for any amount which may become due to the Developer, or any successor in interest, on any obligation under the terms of this Agreement.

6.5 Legal Actions.

6.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

6.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.5.3 Acceptance of Service of Process. If any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or Secretary of the Agency, or in such other manner as may be provided by law. If any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon the Developer, or in such other manner as may be provided by law, whether made within or without the State of California.

6.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

6.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

**ARTICLE 7
GENERAL PROVISIONS**

7.1 Insurance.

7.1.1 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall obtain, at the Developer's sole cost and expense, and shall maintain in force until completion of construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency, broad form commercial general public liability insurance, insuring the Developer and the Agency against claims and liability for bodily injury, death, or property damage arising from the use, occupancy, condition, or operation of the Property and the Improvements thereon, which insurance shall provide combined single limit protection of at least Two Million Dollars (\$2,000,000.00), and include contractual liability endorsement. Such insurance shall name the

City, the Agency and the Oversight Board and their respective council members, board members, officers, employees, consultants, independent contractors, and attorneys as additional insureds.

7.1.2 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall also obtain, or cause to be obtained, at the Developer's sole cost and expense, and shall maintain in force until completion of the construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a reputable and financially responsible insurance company reasonably acceptable to the Agency, and (ii) workers' compensation insurance covering all persons employed in connection with work. The builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors', subcontractors', and construction managers' tools and equipment and property owned by contractors' and subcontractors' employees.

7.1.3 Prior to the commencement of any demolition or construction work on the Property by the Developer, the Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Property carries workers' compensation insurance as required by law.

7.1.4 With respect to each policy of insurance required above, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on the insurance carrier's form setting forth the general provisions of the insurance coverage. The required certificate shall be furnished by the Developer prior to commencement of any demolition or construction work on the Property.

7.1.5 All such policies required by this Section shall be nonassessable and shall contain language to the effect that (i) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to the Agency, and (ii) the Agency shall not be liable for any premiums or assessments. All such insurance shall have deductibility limits reasonably satisfactory to the Agency. The provisions of this Section shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

7.2 Indemnity.

7.2.1 Except for the negligence or willful misconduct of the Agency, the Developer shall indemnify, defend, protect, and hold harmless the Agency, the City and the Oversight Board and any and all agents, employees, attorneys and representatives of the Agency, the City and the Oversight Board, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

- (a) the Developer's use, ownership, management, occupancy, or possession of the Property;
- (b) any breach or Default of the Developer hereunder;
- (c) any of the Developer's activities on the Property (or the activities of the Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Property), including without limitation, the construction of the Improvements on the Property;
- (d) the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Developer or Developer's affiliates, agents or employees; or,
- (e) any other fact, circumstance or event related to the Developer's performance hereunder, or which may otherwise arise from the Developer's ownership, use, possession, improvement, operation or disposition of the Property, regardless of whether such damages, losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, or before or after the conveyance of the Property.

The Developer's indemnity obligations set forth in this Section 7.2 shall not extend to any damages, losses, or liabilities incurred by the Agency, the City or the Oversight Board to the extent such losses or liabilities are caused by or contributed to by the negligence or willful misconduct of the Agency, as finally determined by a court of competent jurisdiction.

7.2.2 The indemnity obligations described in this Section 7.2 shall survive for a period of four (4) years from the earlier of (i) the termination of this Agreement, or (ii) the completion of the Improvements, and shall not be deemed merged into the Grant Deed upon the recordation.

7.3 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Agency:	Successor Agency to the Industry Urban-Development Agency 15625 East Stafford Street, Suite 100 City of Industry, California 91744 Attention: Kevin Radecki
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with a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071
Attention: Jim G. Grayson

Developer: Weiss Industrial Properties, LLC
10616 Rush Street
South El Monte, California 91733
Attention: Matthew Sawyer

7.4 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

7.5 Developer's Warranties. The Developer warrants and represents to the City and the Agency as follows:

7.5.1 The Developer has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Developer, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Developer is a party.

7.5.2 As of the Close of Escrow, the Developer will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

7.5.3 The Developer has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

7.6 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

7.7 Time of the Essence. Time is of the essence of this Agreement.

7.8 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Agency, or the Developer, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

7.9 Enforced Delay: Extension of Times of Performance. Notwithstanding anything to the contrary in this Agreement, unexcused failure to commence construction of the Improvements on or prior to the Commencement Date or to complete construction of the Improvements on or prior to the Completion Date shall constitute a Default hereunder as herein set forth; provided, however, nonperformance of such obligations or any other obligations to be performed hereunder shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of the party responsible for such performance: (i) war, insurrection, riot, flood, severe weather, earthquake, fire, casualty, acts of public enemy, governmental restriction, litigation, acts or failures to act of any governmental or quasi-governmental agency or entity, including the Agency, or public utility, or any declarant under any applicable conditions, covenants, and restrictions affecting the Property, or (ii) inability to secure necessary labor, materials or tools, strikes, lockouts, delays of any contractor, subcontractor or supplier or (iii) other matters generally constituting a force majeure event in circumstances similar to those contemplated by this Agreement (but which shall not in any event include the availability of financing to construct the Improvements). In the event of an occurrence described in clauses (i), (ii) or (iii) above, such nonperformance shall be excused and the time of performance shall be extended by the number of days the matters described in clauses (i), (ii) or (iii) above materially prevent or delay performance.

7.10 Approvals by the Agency and the Developer. Unless otherwise specifically provided herein, wherever this Agreement requires the Agency or the Developer to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

7.11 Developer's Private Undertaking. The development covered by this Agreement is a private undertaking, and the Developer shall have full power over and exclusive control of the Property while the Developer holds title to the Property; subject only to the limitations and obligations of the Developer under this Agreement and the Redevelopment Plan.

7.12 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Developer and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Developer or the Agency.

7.13 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.14 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

7.15 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

7.16 Representations of Agency. The Agency warrants and represents to the Developer as follows:

(a) The Agency has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Agency, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Agency is a party.

(b) As of the Effective Date, the Agency has made available to Developer, by online link entitled <http://www.cityofindustry.org/?p=city-hall&s=for-sale>, complete copies of all studies, reports, agreements, documents, instruments, environmental assessments, surveys, soils reports, documents, plans, maps, permits and entitlements in Agency's possession (excluding only appraisals) concerning the Property.

(c) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the Agency's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(d) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(e) The Agency has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Agency has not dealt with any broker or finder purporting to act on behalf of the Agency or otherwise.

(f) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(g) As of the Close of Escrow and to the actual knowledge of the Agency, the Agency has not received any written notice from any governmental entity regarding the violation of any law or governmental regulation with respect to the Property.

As used in this Section 7.16, the phrase “to the actual knowledge of the Agency” shall mean the actual and current knowledge of Kevin Radecki. Kevin Radecki is primarily responsible for the management of the Property on behalf of the Agency. Kevin Radecki shall have no personal responsibility or liability with respect to the representation contained in Section 7.16 (f) above.

7.17 Developer’s Broker(s). Developer shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Developer, and shall defend, indemnify and hold Agency and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

7.18 No Third Party Beneficiaries other than City. City is a third party beneficiary of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the Parties and City and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

DEVELOPER

WEISS INDUSTRIAL PROPERTIES, LLC,
a California limited liability company

By: _____

Name: Matthew Sawyer

Title: _____

By: _____

Name: _____

Title: _____

AGENCY

SUCCESSOR AGENCY TO THE INDUSTRY
URBAN-DEVELOPMENT AGENCY

By: _____

Tim Spohn, Chairman

ATTEST:

Diane M. Schlichting, Assistant Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon,
a professional corporation

By: _____

Agency Attorney

LIST OF EXHIBITS

- Exhibit "A" Legal Description of the Property
- Exhibit "B" Schedule of Performance
- Exhibit "C" Form of Grant Deed
- Exhibit "D" Form of Right of Entry Agreement
- Exhibit "E" Improvements
- Exhibit "F" Form of Certificate of Completion

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

(Attached.)

LEGAL DESCRIPTION
15130 Nelson Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

(APN 8208-011-903)

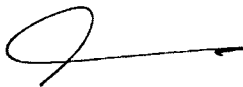
THE WEST 200 FEET OF THAT PORTION OF LOT 445 OF TRACT 606, IN THE CITY OF INDUSTRY, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15, PAGES 142 AND 143 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF LOT 445, DISTANT THEREON NORTH 41°29'50" EAST, 443.21 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48°28'45" WEST, 418.66 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE, NORTH 41°29'50" EAST, 445.15 FEET TO SAID NORTHEASTERLY LINE; THENCE ALONG SAID NORTHEASTERLY LINE, SOUTH 48°28'45" EAST, 418.66 FEET TO THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 41°29'50" WEST 445.14 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK 10, PAGE 39 OF DEED.

THE ABOVE DESCRIBED PARCEL CONTAINING 2.04 ACRES (88910.00 SQUARE FEET) OF LAND, MORE OR LESS.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.




CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No.1013R
Checked by:  February 18, 2015



EXHIBIT "B"

SCHEDULE OF PERFORMANCE

<u>Activity</u>	<u>Time Frame</u>
<u>Initial Deposit</u>	Within five (5) business days after opening escrow
<u>Developer reviews and approves or disapproves the title report</u>	Prior to the expiration of the Due Diligence Period
<u>Additional Deposit</u>	Within five (5) business days after the expiration of the Due Diligence Period
<u>Developer reviews and approves or disapproves physical condition of the Property</u>	On or prior to the expiration of the Due Diligence Period
<u>Close of Escrow</u>	Within thirty (30) days following the expiration of the Due Diligence Period
<u>Land Use Approvals.</u> Developer receives all required land use and building approvals and permits from City and other governmental entities (if any)	Prior to the commencement of construction of the Improvements
<u>Developer Commences Construction of Improvements</u>	Within 180 days after the Close of Escrow
<u>Developer Completes Construction of Improvements</u>	Within 340 days following commencement of construction
<u>Issuance of Certificate of Completion.</u> Upon completion of construction in conformance with Agreement, the Agency Executive Director or designee shall issue a Certificate of Completion for the Improvements.	Promptly after Agency receives written request from Developer if all requirements of the Agreement have been satisfied

EXHIBIT "C"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]

GRANT DEED

Documentary Transfer Tax: \$ _____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the "**Grantor**"), hereby grants to **WEISS INDUSTRIAL PROPERTIES, LLC**, a California limited liability company (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase Agreement [15130 Nelson Avenue] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2015, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. Subject to the provisions of Section 5.6(4) of the Agreement, the Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the construction of certain improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law. The Grantor shall have the right to assign all of its rights and benefits hereunder to the City of Industry, California ("**City**"). As provided in Section 5.7 of the Agreement, upon the violation

or failure of the foregoing covenant, the City shall have the option to purchase and take possession of the Site from the Grantee or its successors and assigns; provided, however, that the City's option to purchase and take possession of the Site shall not arise unless and until the Grantor gives the Grantee written notice thereof specifying the particular failure or violation in the manner and time period provided in Section 5.7 of the Agreement and, at the expiration of the cure period specified in Section 5.7 of the Agreement, the failure has not been remedied or the violation has not ceased.

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that after completion of the Project (as defined in the Agreement), the Grantee and the Grantee's transferees, successors and assigns, shall maintain the Site and the Project (including landscaping) in a commercially reasonable condition and repair for a period of fifteen (15) years, and following construction of certain improvements thereon shall use the Site for any such uses as are allowed under applicable law.

(b) The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of

the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(c) In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in

Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

6. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures appear on next page.]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR: SUCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Assistant Secretary

GRANTEE: WEISS INDUSTRIAL HOLDINGS, LLC,
a California limited liability company

By: _____
Name: Matthew Sawyer
Title: _____

By: _____
Name: _____
Title: _____

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A
LEGAL DESCRIPTION

(Attached.)

LEGAL DESCRIPTION
15130 Nelson Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

(APN 8208-011-903)

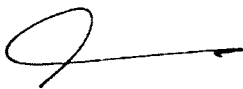
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
BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF LOT 445, DISTANT THEREON NORTH 41°29'50" EAST, 443.21 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48°28'45" WEST, 418.66 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE, NORTH 41°29'50" EAST, 445.15 FEET TO SAID NORTHEASTERLY LINE; THENCE ALONG SAID NORTHEASTERLY LINE, SOUTH 48°28'45" EAST, 418.66 FEET TO THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 41°29'50" WEST 445.14 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK 10, PAGE 39 OF DEED.

THE ABOVE DESCRIBED PARCEL CONTAINING 2.04 ACRES (88910.00 SQUARE FEET) OF LAND, MORE OR LESS.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.



CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No. 1013R
Checked by:  February 18, 2015



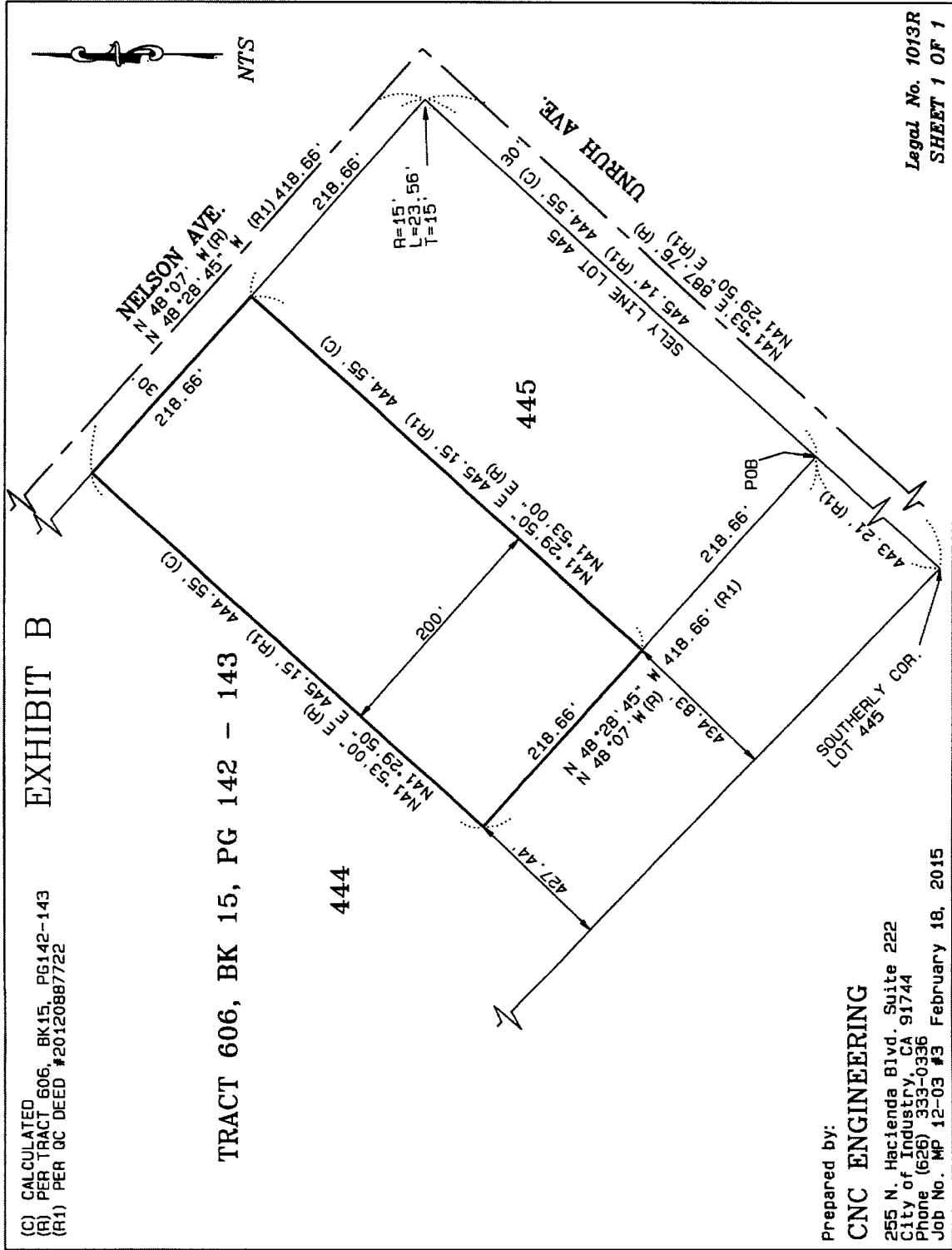
(C) CALCULATED
(R) PER TRACT 606, BK15, PG142-143
(R1) PER QC DEED #20120887722

EXHIBIT B

TRACT 606, BK 15, PG 142 - 143

444

445



Legal No. 1013R
SHEET 1 OF 1

Prepared by:
CNC ENGINEERING
255 N. Hacienda Blvd. Suite 222
City of Industry, CA 91744
Phone (626) 333-0336
Job No. MP 12-03 #3 February 18, 2015

EXHIBIT "D"

RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "**Agreement**") is made and entered into as of _____, 2015, by the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body (herein called "**Grantor**"), and **WEISS INDUSTRIAL HOLDINGS, LLC**, a California limited liability company (herein called "**Grantee**").

WITNESSETH:

WHEREAS, Grantor is the owner of the real property more particularly described on Exhibit A, which exhibit is attached hereto and incorporated herein by reference (herein called the "**Property**");

WHEREAS, concurrently with the execution of this Agreement, Grantor and Grantee contemplate entering into a Purchase Agreement related to the Property (the "**Purchase Agreement**");

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of undertaking tests, inspections and other due diligence activities (herein called the "**Due Diligence Activities**") in connection with the proposed acquisition by Grantee of the Property;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

(a) Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the expiration of the Due Diligence Period (as defined in the Purchase Agreement); or (ii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors, representatives and other designees (herein collectively called "**Grantee's Designees**") shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee's Designees onto the Property in connection with the Due Diligence Activities shall not materially damage the Property in any manner whatsoever or disturb or interfere with the rights or possession of any tenant on the Property, (ii) in the event the Property is materially altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to substantially the same condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys' fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee's Designees onto the Property; provided, however, that in no event shall Grantee be liable for any liabilities, damages, losses, costs or expenses of any kind or nature that relate, directly or indirectly, to (y) consequential or punitive damages; or (z) matters that are merely discovered, but not exacerbated, by Grantee. Notwithstanding any provision of this Agreement to the contrary, Grantee shall not have the right to undertake any invasive activities or tests upon the Property, or any environmental testing on the Property beyond the scope of a standard "Phase I" investigation, without the prior written consent of Grantor of a workplan for such "Phase II" or invasive testing. If Grantor does not respond or reject any workplan within ten (10) days of Grantee's delivery of the written workplan proposal to Grantor pursuant to the notice provisions of this Agreement, then Grantor shall be deemed to have approved the submitted workplan and Grantee may proceed with such testing. If Grantor rejects such proposed workplan in whole or in part, then this Agreement shall become null and void at the sole option of Grantee, which option must be exercised by Grantee's giving Grantor written notice on or before the expiration of the Due Diligence Period, as defined in the Purchase Agreement.

2. Lien Waivers. Upon receipt of a written request from Grantor, Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. Grantee hereby indemnifies Grantor from and against any claims or demands for payment, or any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

3. Insurance. Grantee shall, and shall cause all of Grantee's Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than One Million Dollars (\$1,000,000.00), and to deliver to Grantor a certificate of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

4. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

5. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

6. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or shall be sent by nationally recognized commercial courier for next business day delivery, to the addresses set forth below the respective executions of the parties hereof, or to such other addresses as are specified by written notice given in accordance herewith, or shall be transmitted by facsimile to the number for each party set forth below their respective executions hereof, or to such other numbers as are specified by written notice given in accordance herewith. All notices, demands, or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier as hereinabove provided shall be deemed given on the date of deposit with the commercial courier; and those given by facsimile shall be deemed given on the date of facsimile transmittal. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address or facsimile number of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery, on the date of facsimile transmittal, on the first calendar day after deposit with commercial courier, or on the third calendar day following deposit in the United States Mail, as the case may be.

7. Assignment. This Agreement may be assigned by Grantee, in whole or in part.

8. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

10. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, all the day and year first written above.

GRANTEE:

WEISS INDUSTRIAL HOLDINGS, LLC,
a California limited liability company

By: _____
Print Name: Matthew Sawyer
Title: _____

By: _____
Name: _____
Title: _____

Address for notices: 10616 Rush Street
South El Monte, California 91733-3432

(Signatures continued)

GRANTOR:

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____

Name: _____

Title: _____

Address for notices: Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Kevin Radecki
Telephone: (626) 333-1480
Facsimile: (626) 336-4273

With a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071
Attn.: Jim G. Grayson, Esq.
Telephone: (213) 626-8484
Facsimile: (213) 626-0078

Exhibit A
LEGAL DESCRIPTION

(Attached.)

LEGAL DESCRIPTION
15130 Nelson Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

(APN 8208-011-903)

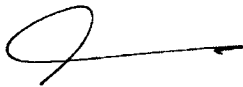
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
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EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK 10, PAGE 39 OF DEED.

THE ABOVE DESCRIBED PARCEL CONTAINING 2.04 ACRES (88910.00 SQUARE FEET) OF LAND, MORE OR LESS.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.



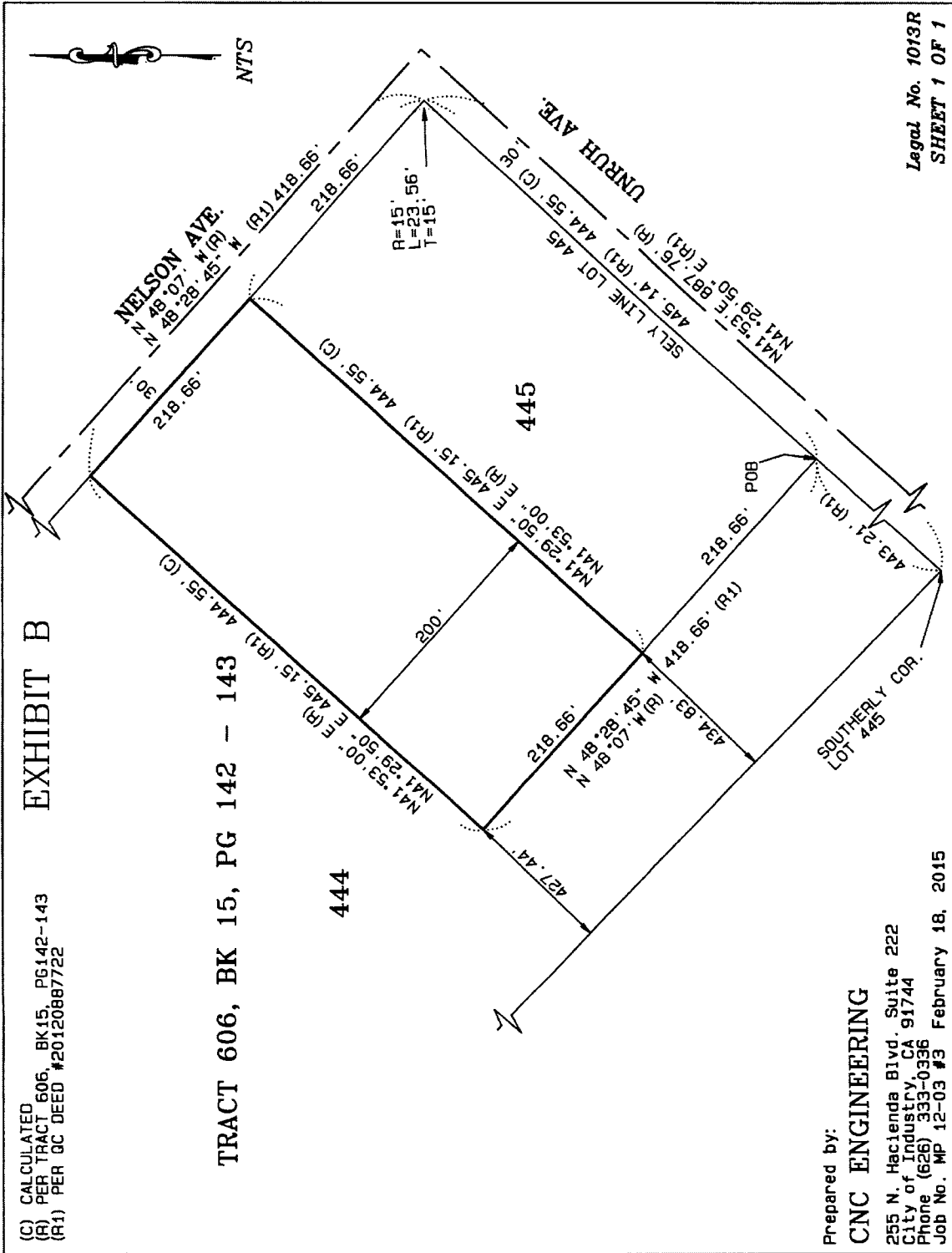
CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No. 1013R
Checked by:  February 18, 2015



(C) CALCULATED
 (R) PER TRACT 606, BK15, PG142-143
 (R1) PER GC DEED #20120887722

EXHIBIT B

TRACT 606, BK 15, PG 142 - 143



444

445

NELSON AVE.
 N 48° 07' 45" (R)
 48° 28' 45" (R)

UNRUH AVE.
 N 48° 07' 45" (R)
 48° 28' 45" (R)

SELY LINE LOT 445
 N 41° 29' 50" E 445.15' (R1)
 N 41° 29' 50" E 444.55' (C)

Prepared by:
CNC ENGINEERING
 255 N. Hacienda Blvd., Suite 222
 City of Industry, CA 91744
 Phone (626) 333-0336
 Job No. MP 12-03 #3 February 18, 2015

Legal No. 1013R
 SHEET 1 OF 1

EXHIBIT "E"

IMPROVEMENTS

A complete remodel of the existing building including a new roof covering, structural roof repairs, extensive interior redesign, landscaping, paving and related improvements.

EXHIBIT "F"

FORM OF CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY:

First American Title Insurance Company

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

[The undersigned declares that this Certificate of Completion is exempt from Recording Fees pursuant to California Government Code Section 27383]

CERTIFICATE OF COMPLETION

This Certificate of Completion is given this ____ day of _____, 20__, with reference to the following matters:

A. The **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body corporate and politic (the "**Agency**") and **WEISS INDUSTRIAL HOLDINGS, LLC**, a California limited liability company (the "**Developer**") entered into a certain Purchase Agreement [15130 Nelson Avenue] dated as of _____, 2015 (the "**Agreement**"), which Agreement provides, in Section 3.7 thereof, that the Agency shall furnish the Developer with a Certificate of Completion upon satisfactory completion of the Improvements (as described in the Agreement) on the real property described therein as the Property (the "**Site**"), which certificate shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County; and

B. The Certificate of Completion shall be conclusive determination of satisfactory completion of the construction of Improvements required with respect to the Site; and

C. The Agency has determined that the construction of the Improvements has been satisfactorily performed; and

NOW, THEREFORE, the parties to this instrument hereby provide as follows:

1. As provided in the Agreement, the Agency does hereby certify that the construction of the Improvements on the Site has been satisfactorily performed and completed.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or deed of trust or any insurer of a mortgage, or deed of trust securing money loaned to finance the improvements or any part

thereof, nor does it constitute evidence of payment of any promissory note or performance of any deed of trust provided by the Developer to the Agency under the Agreement or otherwise.

IN WITNESS WHEREOF, the Agency has executed this Certificate of Completion as of the day and year first above written.

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Assistant Secretary

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.9

CLIENT MEMORANDUM

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
FROM: VARNER & BRANDT LLP
SUBJECT: TRANSMITTAL OF FEBERUARY 24, 2015 OVERSIGHT BOARD MEETING AGENDA ITEM #5.8
DATE: FEBRUARY 18, 2015

The following memorandum provides the seven (7) board members (“Board Members”) of the Oversight Board (“Oversight Board”) to the Successor Agency to the Industry Urban-Development Agency (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

Agenda Item No.: 5.9

Subject: **Authorization to Execute Purchase and Sale Agreement; Disposition of Property.**
Approval for the Successor Agency to execute a purchase and sale agreement with R.Y. Properties, Inc. (“R.Y. Properties”).

Request by Successor Agency: Successor Agency requests that the Oversight Board approve and authorize the execution of purchase and sale agreement with R.Y. Properties concerning the sale and disposition of certain real property located at 17201 and 17301 Gale Avenue, City of Industry (“Property”) and identified as Asset ID No. 31 in the Successor Agency’s approved long-range property management plan (“LRPMP”).

Legislative Authority of the Oversight Board:

1. *California Health and Safety Code Section 34177(e):* The Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board; provided, however that the Oversight Board may direct the Successor Agency to transfer ownership of certain assets pursuant to Section 34181(a). The disposal of the assets and properties is to be completed expeditiously and in a manner aimed at maximizing value.
2. *California Health and Safety Code Section 34177(h):* The Successor Agency must expeditiously wind down the affairs of the Former Agency in accordance with the direction of the Oversight Board.

3. *California Health and Safety Code Section 34181(a)*: The Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency; provided, however that the Oversight Board may instead direct the Successor Agency to transfer ownership of those assets constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to this construction or use of such an asset. The Successor Agency must dispose of assets and property expeditiously and in a manner aimed at maximizing value.
4. *California Health and Safety Code Section 34191.3*: The disposition authority of the Successor Agency and the Oversight Board under Sections 34177(e) and 34181(a), respectively, is suspended, except as to transfers for governmental use, until the Department of Finance has approved a long-range property management plan, at which point the long-range property management plan will govern the disposition and use of real property assets of the former redevelopment agency.

Application: The Successor Agency must dispose of assets and properties of the former redevelopment agency in accordance with the direction of the Oversight Board. (HSC Sections 34177(e), 34181(a).) Despite the Oversight Board's directive authority, Section 34191.3 suspended the power to direct the disposition of assets and properties of the former redevelopment agency, except for the transfer of governmental use assets, until the DOF approved the Successor Agency's LRPMP. Approval of the Successor Agency's LRPMP occurred on February 21, 2014, making the Oversight Board's directive authority under Section 34177(e) and Section 34181(a) operative. The LRPMP identifies the Property as a "For Sale" property.

Any disposition of property, whether governmental purpose or otherwise, must be done expeditiously and in a manner aimed at maximizing value. (HSC Sections 34177(e), 34181(a))

R.Y. Properties owns property adjacent to the Property and pursuant to the LRPMP, the Successor Agency has been working with R.Y. Properties to acquire the Property for the development of a large-scale commercial/office center. The Successor Agency retained Stephen G. White, MAI to determine the value of the Property, which value was established on September 10, 2014. White determined the fair market value of the Property to be \$13,000,000 to \$16,000,000. We note that White devalued the appraisal by \$2,100,000 as compensation for a required street dedication for the widening of Gale Avenue. R.Y. Properties offered to acquire the Property for \$16,000,000.

The appraisal provides that the Property, located in or adjacent to the Puente Hills Auto Center, is a vacant commercial site and has a zoning designation of Automobile Zone. The appraisal presupposes the highest and best use of the Property as commercial development. Stephen G. White, MAI utilized the Sales Comparison Approach for determining the valuation of the Property. This method compares recent sales of reasonably similar properties to the Property considering pertinent differences such as location, size, shape, physical condition (topography), easements, existing improvements, potential or planned use, and date of sale.

We have reviewed the terms of the purchase and sale agreement. The sale of the Property is made on an “AS IS WITH ALL FAULTS” basis and includes a full release of claims. All costs related to obtaining an appraisal of the Property and all Successor Agency legal fees in connection with the purchase and sale agreement will be the sole responsibility of R.Y. Properties (capped at \$15,000). We note that R.Y. Properties will have a 90-day due diligence period, **with an outside closing date of 12 months following the expiration of the due diligence period.**

Recommendation: Based on the Department of Finance-approved LRPMP, information provided by Successor Agency staff, and the authority of the Health and Safety Code, we find the proposed approval of the purchase and sale agreement and the disposition of the Property in accordance with the terms of the purchase and sale agreement permissible and proper.

RESOLUTION NO. OB 2015-03

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 17201 – 17301 GALE AVENUE

WHEREAS, the Successor Agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board pursuant to California Health and Safety Code Section 34177(e); and

WHEREAS, the Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency pursuant to California Health and Safety Code Section 34181(a); and

WHEREAS, the Successor Agency is not permitted to dispose of any real property assets of the former redevelopment agency, except governmental use assets, until the Department of Finance (“DOF”) approves the Successor Agency’s long-range property management plan (“LRPMP”) pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, on February 21, 2014, the DOF issued an approval notice approving the Successor Agency’s LRPMP (“Determination Letter”); and

WHEREAS, upon receiving DOF approval of the LRPMP, the LRPMP shall govern and supersede all other provisions relating to the disposition and use of real property assets of the former redevelopment agency pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, the Successor Agency desires to sell certain real property located at 17201 – 17301 Gale Avenue, City of Industry, identified on the LRPMP as a “for sale” property (“Property”) to R.Y. Properties, Inc., a California corporation (“Purchaser”); and

WHEREAS, the Successor Agency intends to sell the Property to Purchaser for a purchase price of \$16,000,000.00, which represents an amount equal to or greater than the current fair market value of the Property, as determined by an appraisal performed by Stephen G. White, MAI, and

WHEREAS, the sale of the Property by Successor Agency to the Purchaser in accordance with the terms of a purchase and sale agreement (the "Purchase Agreement"), a copy of which has been made available to the Oversight Board for inspection and is attached hereto as Exhibit A; and

WHEREAS, the Oversight Board has determined that the approval of the sale and disposition of the Property pursuant to the Purchase Agreement is consistent with the terms of the approved LRPMP under Health and Safety Code Section 34181(a) and 34191.3, and is consistent with the obligation of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. Approval of Purchase Agreement; Disposition of the Property. The Oversight Board hereby approves the sale and disposition of the Property in accordance with the terms of the approved LRPMP and the Purchase Agreement.

Section 2. Authorization of Successor Agency. Upon approval of this resolution ("Resolution") by the California Department of Finance, the Oversight Board authorizes and directs the Executive Director and/or Assistant Secretary of the Successor Agency, jointly and severally, to execute and deliver the Purchase Agreement, in substantially the form made available to the Oversight Board for inspection, and any and all other documents which they may deem necessary or advisable in order to effectuate the approval of the Resolution.

Section 3. Delivery to the California Department of Finance. The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

Section 4. Other Actions. The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. Effect. This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on February 24, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency to
the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

RESOLUTION NO. OB 2015-03
ATTACHMENT A
PURCHASE AGREEMENT
[ATTACHED BEHIND THIS PAGE]

PURCHASE AND SALE AGREEMENT
[17201 AND 17301 GALE AVENUE]

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY,
“Agency”

R.Y. PROPERTIES, INC.,
a California corporation
“Purchaser”

_____, 2015

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**PURCHASE AND SALE AGREEMENT
[17201 AND 17301 GALE AVENUE]**

THIS PURCHASE AND SALE AGREEMENT [17201 AND 17301 GALE AVENUE] (this “**Agreement**”), dated as of _____, 2015 (the “**Effective Date**”) is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the “**Agency**”), and **R.Y. PROPERTIES, INC.**, a California corporation (the “**Purchaser**”). The Agency and the Purchaser are hereinafter sometimes individually referred to as a “**party**” and collectively referred to as the “**parties**”.

RECITALS

This Agreement is entered into with reference to the following facts:

The Agency owns the fee interest in that certain real property (the “**Real Property**”) located in the City of Industry, County of Los Angeles, State of California, as more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference (such real property together with all improvements located thereon and the Appurtenances, as defined in Section 1.1.3, is referred to herein as the “**Property**”). The Purchaser wishes to acquire fee title to the Property from the Agency.

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Agency means the Successor Agency to the Industry Urban-Development Agency. The principal office of the Agency is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase and Sale Agreement.

1.1.3 Appurtenances means all of the Agency’s right, title and interest, if any, in and to the following but only to the extent assignable by law and without the prior consent of a third party and pertaining solely to the Real Property (and not any other property owned by the Agency): (a) all improvements on the Real Property as of the Close of Escrow; (b) all rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders, including, without limitation, all (i) development rights and credits, air rights, water rights, and water stock, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, and (iii) mineral, oil, gas, and other subsurface rights; (c) all plats, maps, improvement plans, engineering plans, reports and data, surveys, third party reports and studies, designs, drawings and specifications; (d) all documents pertaining to the Real Property provided to Purchaser by or on behalf of the Agency prior to the Close of Escrow; (e) all architectural, site, landscaping or other permits,

applications, approvals, authorizations, and other entitlements; (f) deposits, credits, fee credits (including without limitation water meter credits), pre-paid fees, refunds of impact or permit fees, reimbursements, rights to reimbursements and benefits of any cost sharing agreements, and school fee mitigation agreements, community facilities district and other assessment district rights, proceeds, deposits, advances, reimbursements, formation documents and benefits, and construction and design defect claim; and (g) guarantees, warranties, and utility contracts.

1.1.4 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, City of Industry, California 91744.

1.1.5 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.6 Deemed Disapproved Exceptions is defined in Section 2.5.2.

1.1.7 Default is defined in Section 3.2.

1.1.8 Deposit is defined in Section 2.2.1.

1.1.9 Disapproved Exceptions is defined in Section 2.5.2.

1.1.10 Disapproval Notice is defined in Section 2.5.2.

1.1.11 Due Diligence Period is defined in Section 2.7.

1.1.12 Escrow is defined in Section 2.3.1.

1.1.13 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com.

1.1.14 General Assignment means the General Assignment attached hereto as Exhibit "D".

1.1.15 Grant Deed is defined in Section 2.5.3.

1.1.16 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. ("**CERCLA**"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource

Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term “**Hazardous Materials**” shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl’s; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.17 Outside Date is defined in Section 2.3.2.

1.1.18 Property is defined in the first Recital.

1.1.19 Purchase Price is defined in Section 2.1.

1.1.20 Purchaser means R.Y. Properties, Inc., a California Corporation. The principal office of the Purchaser for purposes of this Agreement is 212 South Palm Avenue, Suite 200, Alhambra, California 91801.

1.1.21 Released Parties is defined in Section 2.8.

1.1.22 Review Period is defined in Section 2.5.2.

1.1.23 Right of Entry Agreement is defined in Section 2.7.

1.1.24 Survey is defined in Section 2.5.1.

1.1.25 Title Company is defined in Section 2.5.4.

1.1.26 Title Policy is defined in Section 2.5.4.

1.1.27 Title Report is defined in Section 2.5.1.

1.1.28 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney’s fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2
PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Purchaser, and the Purchaser agrees to purchase the Property from the Agency, for the sum of Sixteen Million Dollars (\$16,000,000.00) (the “**Purchase Price**”). In addition, Purchaser shall reimburse the Agency a total amount not to exceed Fifteen Thousand Dollars (\$15,000.00) for the Agency’s costs of obtaining an appraisal of the Property and the Agency’s legal costs in connection with this Agreement and the disposition of the Property under this Agreement (the “**Disposition Costs**”) and will be paid by Purchaser to Agency at the Closing through the Escrow (as hereinafter defined).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Purchaser as follows:

2.2.1 Deposit. Within five (5) business days following the opening of Escrow, Purchaser shall deposit with Escrow Holder the sum of One Hundred Sixty Thousand Dollars (\$160,000.00), and unless Purchaser terminates this Agreement during the Due Diligence Period under Section 2.7 below, Purchaser shall deposit with Escrow Holder an additional Six Hundred Forty Thousand Dollars (\$640,000.00) within five (5) business days following the Due Diligence Period, all in the form of certified or bank cashier’s checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the “**Deposit**”). The Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Purchaser and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. Prior to the Close of Escrow, Purchaser shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier’s check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expense and prorations payable by Purchaser hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties’ full execution of this Agreement, the Purchaser and the Agency shall open an escrow (the “**Escrow**”) with the Escrow Holder for the transfer of the Property to the Purchaser. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. “**Close of Escrow**” or “**Closing**” means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price and Disposition Costs (less any costs, expenses and prorations payable by the Agency) to the Agency. Possession of the Property shall

be delivered to the Purchaser on the Close of Escrow. Notwithstanding anything to the contrary contained herein, the Close of Escrow shall occur within the earlier to occur of (i) thirty (30) days following the satisfaction or waiver of all of the conditions to the close of Escrow set forth in Section 2.4, or (ii) twelve (12) months following the expiration of the Due Diligence Period (the “**Outside Date**”) or this Agreement shall automatically terminate; provided, however, the Outside Date may be extended upon written consent of the Purchaser and the Executive Director of the Agency, which consent may be given or withheld in the exercise of their sole discretion. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Purchaser, then the Agency shall be entitled to the Deposit under Section 3.3.1). If the Closing does not occur due to a termination by Purchaser under Section 2.5.2, then the Deposit shall be returned to Purchaser, and Purchaser shall pay all Escrow cancellation fees (which may be deducted from the Deposit). If the Closing does not occur for any other reason, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Purchaser, and each party shall pay one half (1/2) of any Escrow cancellation charges.

2.3.3 Delivery of Closing Documents.

(a) The Agency and Purchaser agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Agency, conveying a fee simple interest in the Property to Purchaser, subject only to such exceptions to title as Purchaser may have approved or have been deemed to approve pursuant to Section 2.5.2;

(ii) Two (2) duly executed original counterparts of the General Assignment;

(iii) The Agency’s affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iv) A Certification of Non-Foreign Status signed by Agency in accordance with Internal Revenue Code Section 1445; and

(v) Such proof of the Agency’s and Purchaser’s authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

The Agency and the Purchaser further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Agency and Purchaser to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the Agency, the Purchaser shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Purchaser hereunder (including the Agency's appraisal costs).

2.4.2 For the benefit of the Agency, all actions and deliveries to be undertaken or made by Purchaser on or prior to the Close of Escrow as set forth herein shall have occurred, as reasonably determined by the Agency.

2.4.3 For the benefit of the Purchaser, all actions and deliveries to be undertaken or made by the Agency on or prior to the Close of Escrow shall have occurred, as reasonably determined by the Purchaser.

2.4.4 For the benefit of the Agency, all Agency approvals as required herein to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of the Agency, the Purchaser shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Purchaser shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of the Purchaser, the Agency shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Agency shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of the Agency, the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of the Purchaser, the representations and warranties of the Agency contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of the Purchaser, Title Company shall be irrevocably committed to issuing in favor of the Purchaser the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Purchaser, as provided in Section 2.5.2.

2.4.10 For the sole benefit of the Purchaser, (i) an environmental impact report, or other appropriate environmental review, pertaining to the improvements proposed to be constructed on the Property by the Purchaser, and as required by the California Environmental Quality Act, shall have been approved and certified by the City or Agency, as appropriate, and (ii) the City and all other governmental or quasi-governmental entities having jurisdiction thereover shall have approved the plan for development of the Property as proposed by the Purchaser. The Purchaser shall be responsible for the preparation of all documentation with respect to environmental review under the California Environmental Quality Act and all costs associated therewith (whether or not initially incurred by the City or the Agency).

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder, and Purchaser shall be entitled to the immediate refund of the Deposit.

2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, the Agency shall deliver to the Purchaser for the Purchaser's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and legible copies of any instruments noted as exceptions thereon, and (ii) any survey of the Property in the Agency's possession. The Purchaser at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and the Agency shall cooperate with the same. Any survey provided by the Agency or obtained by the Purchaser are each a "**Survey**" hereunder.

2.5.2 The Purchaser shall have until the expiration of the Due Diligence Period (the "**Review Period**") to disapprove any exceptions to title shown on the Title Report or reflected on the Survey (collectively, "**Disapproved Exceptions**") and to provide Agency with notice thereof describing the defect with reasonable particularity (the "**Disapproval Notice**"). Any exceptions to title not disapproved within the Review Period shall be deemed approved. Within five (5) days after the Agency's receipt of the Disapproval Notice, the Agency shall notify the Purchaser whether or not the Agency intends to remove the Disapproved Exceptions. The Agency shall be under no obligation to remove any Disapproved Exception, but the Agency agrees to cooperate in good faith with the Purchaser in the Purchaser's efforts to eliminate any Disapproved Exception, provided the Agency is not obligated to pay any sum or assume any liability in connection with the elimination of any such Disapproved Exception. If the Agency notifies the Purchaser that the Agency intends to eliminate any Disapproved Exception, the Agency shall do so concurrently with or prior to the Close of Escrow. If the Agency notifies the Purchaser that the Agency does not intend to eliminate any Disapproved Exception(s), the Purchaser, by notifying the Agency within five (5) days after its receipt of such notice, may elect to terminate this Agreement and receive a refund of the Deposit or take the Property subject to the Disapproved Exception(s). If Purchaser desires to terminate this Agreement, it shall be a condition of such termination that Purchaser deliver to Agency copies of all non-privileged third party due diligence reports and studies. Notwithstanding the foregoing, the Agency covenants to pay in full all loans secured by deeds of trust, any mechanics' and materialmen's liens, and any other monetary liens (other than liens for charges, assessments, taxes, and impositions subject to proration as provided in Section 2.6.2) (collectively, the "**Deemed Disapproved Exceptions**") prior to, or concurrently with, the Close of Escrow, and Escrow Holder is hereby directed to cause the same to be paid from the Purchase Price. The Title Policy shall include such endorsements as the Purchaser shall reasonably request. Any endorsements to the Title Policy are to be paid for by the Purchaser. Notwithstanding the foregoing, the Purchaser may notify the Agency of its disapproval of an exception to title (including exceptions reflected on the Survey) first raised by Title Company or the surveyor after the Review Period, or otherwise first disclosed to the Purchaser after the Review Period (collectively, the "**Additional Exceptions**")

within ten (10) days after the same was first raised or disclosed to the Purchaser in writing. With respect to Additional Exceptions disapproved by the Purchaser in such notice (which shall also be deemed Disapproved Exceptions), the Agency shall have the same option to eliminate such exceptions that applies to Disapproved Exceptions, and the Purchaser shall have the same option to accept title subject to such Additional Exceptions or to terminate this Agreement and receive a refund of the Deposit.

2.5.3 At the Close of Escrow, the Purchaser shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference (the "**Grant Deed**").

2.5.4 At Closing, the Purchaser shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), together with all endorsements requested by the Purchaser, issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring that title to the Property is free and clear of all Disapproved Exceptions, all Deemed Disapproved Exceptions and all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as the Purchaser approves in writing including those reflected in the Title Report for the Property approved by Purchaser, or as are deemed approved by Purchaser as provided in Section 2.5.2. The Purchaser may obtain an extended coverage policy of title insurance at its own cost.

2.6 Escrow and Title Charges; Prorations.

2.6.1 The Agency shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy. Purchaser shall pay the costs of (i) any Survey obtained by the Purchaser, (ii) any endorsements to the Title Policy and (iii) any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the Agency. In addition, the Purchaser and the Agency shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be pro-rated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the Agency and Purchaser shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Due Diligence Period; Access. During the period (the “**Due Diligence Period**”) commencing on the Effective Date and ending at 5:00 p.m. on the date which is ninety (90) days after the Effective Date, the Purchaser may inspect the Property as necessary to (i) approve all zoning and land use matters relating to the Property, (ii) approve the physical condition of the Property, and (iii) satisfy any due diligence requirements of the Purchaser’s lender, if any. Subject to the terms of the Right of Entry and Access Agreement in the form of which is attached hereto as Exhibit “C” (the “**Right of Entry Agreement**”), the Purchaser and its agents shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Prior to the Purchaser’s entry upon the Property, the parties shall execute the Right of Entry Agreement. The Agency shall reasonably cooperate with the Purchaser in its conduct of the due diligence review during the Due Diligence Period. In the event the Purchaser does not approve of the condition of the Property by written notice to the Agency prior to the expiration of the Due Diligence Period, this Agreement shall terminate, the Deposit shall be returned to Purchaser (including any interest earned thereon) and, except as otherwise expressly stated in this Agreement, neither party shall have any further rights or obligations to the other party.

2.8 Condition of the Property. The Property shall be conveyed from the Agency to the Purchaser on an “AS IS” condition and basis with all faults and the Purchaser agrees that the Agency has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Purchaser and anyone claiming by, through or under the Purchaser hereby waives its right to recover from and fully and irrevocably releases the Agency, the City and the Agency’s Oversight Board, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency’s, City’s or Oversight Board’s behalf (collectively, the “**Released Parties**”) from any and all claims, responsibility and/or liability that the Purchaser may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.8. This release includes claims of which the Purchaser is presently unaware or which the Purchaser does not presently suspect to exist which, if known by the Purchaser, would materially affect the Purchaser’s release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Purchaser to take such action as may be necessary to place the Property in a condition suitable for Purchaser’s intended use or uses. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR

REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE PURCHASER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE PURCHASER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BY INITIALING BELOW, PURCHASER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Purchaser's Initials



The waivers and releases by the Purchaser herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

Notwithstanding the foregoing, the waivers and releases contained in this Section 2.8 shall not apply to, nor shall the Released Parties be released from, any actual misrepresentation or act of fraud on their part.

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Purchaser for any fees, charges and costs payable by the Purchaser under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Purchaser of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the Agency for any fees, charges and costs payable by the Agency under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Purchaser of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the Agency and the Purchaser; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Purchaser in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Purchaser.

2.9.3 All communications from the Escrow Holder to the Agency or the Purchaser shall be directed to the addresses and in the manner established in Section 4.1 of this Agreement for notices, demands and communications between the Agency and the Purchaser.

2.9.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3 EVENTS OF DEFAULT, REMEDIES AND TERMINATION

3.1 Purchaser Events of Defaults. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of any applicable cure period, shall constitute a default (“**Purchaser Event of Default**”) under this Agreement:

3.1.1 Filing of a petition in bankruptcy by or against the Purchaser or appointment of a receiver or trustee of any property of the Purchaser, or an assignment by the Purchaser for the benefit of creditors, or adjudication that the Purchaser is insolvent by a court, and the failure of the Purchaser to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

3.1.2 The Purchaser’s failure to perform any requirement or obligation of Purchaser set forth herein, on or prior to the date for such performance set forth herein, and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Purchaser’s failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Purchaser’s breach; or

3.1.3 The Purchaser’s failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

3.2 Agency Events of Default. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of the applicable cure period, shall constitute a default (“**Agency Event of Default**”, and together with the Purchaser Event of Default, a “**Default**”) under this Agreement:

3.2.1 The Agency, in violation of the applicable provision of this Agreement, fails to convey the Property to Purchaser at the Close of Escrow; or

3.2.2 The Agency breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Purchaser shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

3.3 Remedies in the Event of Default.

3.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Purchaser or Agency, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party or, if Purchaser is the non-defaulting party, Purchaser as permitted by law may specifically enforce the provisions of this Agreement. If such breach or default is not cured within such ten (10) day period (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate, and if Purchaser is the non-defaulting party, Purchaser shall thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party’s rights and remedies against the defaulting party at law or equity.

IF THE PURCHASER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE PURCHASER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. THE AGENCY AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE AGENCY WOULD SUFFER UPON THE PURCHASER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE PURCHASER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE PURCHASER AND AGENCY DESIRE TO AVOID THE COSTS AND DELAYS THEY

WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE PURCHASER AND AGENCY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

Agency



Purchaser

3.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Agency, City or Oversight Board shall personally be liable to the Purchaser, or any successor in interest of the Purchaser, in the event of any Default or breach by the Agency, or for any amount which may become due to the Purchaser, or any successor in interest, on any obligation under the terms of this Agreement. No representative, employee, attorney, agent or consultant of the Purchaser shall personally be liable to the Agency, City or Oversight Board, or any successor in interest of the Agency, City or Oversight Board, in the event of any Default or breach by the Purchaser, or for any amount which may become due to the Agency, City or Oversight Board, or any successor in interest, on any obligation under the terms of this Agreement.

3.5 Legal Actions.

3.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

3.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3.5.3 Acceptance of Service of Process. If any legal action is commenced by the Purchaser against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or Secretary of the Agency, or in such other manner as may be provided by law. If any legal action is commenced by the Agency against the Purchaser, service of process on the Purchaser shall be made by personal service upon the Purchaser, or in such other manner as may be provided by law, whether made within or without the State of California.

3.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

3.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or

proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

**ARTICLE 4
GENERAL PROVISIONS**

4.1 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery, or by facsimile or email sent between 8:00 a.m. (Pacific time) and 5:00 p.m. (Pacific time) on a business day accompanied or preceded by a telephone call with the recipient alerting the recipient of the facsimile or email. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, or (d) on the day of facsimile or email transmission, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Agency: Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Kevin Radecki
Telephone: (626) 333-2211
Facsimile: (626) 961-6795
Email: kradecki@cityofindustry.org

with a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071
Attention: Jim G. Grayson
Telephone: (213) 626-8484
Facsimile: (213) 626-0078
Email: jgrayson@rwglaw.com

Purchaser: R.Y. Properties, Inc.
212 South Palm Avenue
Suite 200
Alhambra, California 91801
Attention: Kimberly Yu
Robert Yu
Telephone: (626) 282-3100
Facsimile: (626) 282-6588
Email: Kimberlyyu@earthlink.net
Robertyu212@earthlink.net

with a copy to: Thomas F. Zimmerman
Attorney at Law
1000 Dove Street
Suite 300
Newport Beach, California 92679
Telephone: (949) 340-0644
Facsimile (877) 828-0383
Email: tfz@cox.net

4.2 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

4.3 Purchaser's Warranties. The Purchaser warrants and represents to the City and the Agency as follows:

4.3.1 The Purchaser has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Purchaser, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Purchaser is a party.

4.3.2 As of the Close of Escrow, the Purchaser will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

4.3.3 The Purchaser has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

4.4 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

4.5 Time of the Essence. Time is of the essence of this Agreement.

4.6 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Agency, or the Purchaser, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

4.7 Approvals by the Agency and the Purchaser. Unless otherwise specifically provided herein, wherever this Agreement requires the Agency or the Purchaser to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

4.8 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Purchaser and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Purchaser or the Agency.

4.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.10 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

4.11 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

4.12 Representations of Agency. The Agency warrants and represents to the Purchaser as follows:

(a) The Agency has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Agency, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Agency is a party.

(b) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the Agency's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(c) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(d) The Agency has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Agency has not dealt with any broker or finder purporting to act on behalf of the Agency or otherwise.

(e) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(f) As of the Close of Escrow and to the actual knowledge of the Agency, the Agency has not received any written notice from any governmental entity, which it has not provided to the Purchaser, regarding (i) the violation of any law or governmental regulation, including, without limitation, any environmental law, with respect to the Property, or (ii) any investigation by any governmental entity with respect to whether the condition of the Property violates any environmental law.

As used in this Section 4.12, the phrase "to the actual knowledge of the Agency" shall mean the actual and current knowledge of Kevin Radecki. Kevin Radecki is primarily responsible for the management of the Property on behalf of the Agency. Kevin Radecki shall have no personal responsibility or liability with respect to the representation contained in Section 4.12(f) above.

4.13 Purchaser's Broker(s). Purchaser shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Purchaser, and shall defend, indemnify and hold Agency and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

4.14 No Third Party Beneficiaries other than City and Agency's Oversight Board. City and the Agency's Oversight Board are third party beneficiaries of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the parties, City and the Agency's Oversight Board and their successors and assigns. Except as expressly provided in this Agreement, to the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of and be enforceable by, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. No other person shall have any right of action based upon any provision of this Agreement.

4.15 Independent Consideration. Contemporaneously with the execution and delivery of this Agreement, Purchaser has delivered to Agency, and Agency hereby acknowledges the receipt of, a check in the amount of One Hundred Dollars (\$100.00) ("**Independent Consideration**"), which amount the parties bargained for and agreed to as consideration for

Developer's right to inspect and purchase the Property pursuant to this Agreement and for Agency's execution, delivery, and performance of this Agreement. The Independent Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is non-refundable, is fully earned, and shall be retained by Agency notwithstanding any other provision of this Agreement.

4.16 Assignment of Agreement. The Purchaser may assign its rights and obligations in whole, but not in part, under this Agreement upon giving at least ten (10) business days prior written notice to the Agency, and delivering to the Agency with such notice an executed assignment and assumption agreement under which the assignee accepts the assignment of this Agreement and agrees to be bound by all of the provisions hereof. Such assignment and assumption agreement shall also specify the address of the assignee to which notices shall be directed pursuant to Section 4.1. Agency hereby agrees to provide written acknowledgement of such executed assignment and assumption agreement within five (5) business days of Agency's receipt of such notice.

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

PURCHASER

R.Y. PROPERTIES, INC.,
a California corporation

By: 
Name: Robert Yu
Title: President

AGENCY

SUCCESSOR AGENCY TO THE INDUSTRY
URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon,
a professional corporation

By: _____
Agency Attorney

LIST OF EXHIBITS

- Exhibit "A" Legal Description of the Property
- Exhibit "B" Form of Grant Deed
- Exhibit "C" Form of Right of Entry Agreement
- Exhibit "D" Form of General Assignment

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

(Attached.)

LEGAL DESCRIPTION
17301 Gale Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

PARCEL A (APN: 8564-001-943 & 944)

A PORTION OF LOTS 1-35 INCLUSIVE OF BLOCK "A", PORTION OF LOTS 1-17, INCLUSIVE OF BLOCK "B", A PORTION OF BLOCK "C", BLOCK "G", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDED OF SAID LOS ANGELES COUNTY, ALONG WITH A PORTION OF FIRST STREET (60.00 FEET) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND VACATED BY THE ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, RECORDED MAY 15, 1957 IN BOOK 54512, PAGE 52 OF OFFICIAL RECORDS, A PORTION OF OLIVE STREET (60.00 FEET WIDE) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND VACATED BY RESOLUTION NO. 47 OF SAID CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957, IN BOOK 56151, PAGE 24, OFFICIAL RECORDS AND ALONG WITH A PORTION OF DEPOT STREET (60.00 FEET WIDE) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND, VACATED BY THE ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, RECORDED DECEMBER 31, 1980 AS INSTRUMENT NO. 80-1316607, ALL OF OFFICIAL RECORDS DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND, SAID POINT ALSO BEING ON THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK D-1523 PAGE 453 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF BLOCK "G", BLOCK "B", AND THE NORTHWESTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) NORTH 64° 06' 14" WEST, 805.15 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 270.00 FEET; THENCE LEAVING THE SOUTHWESTERLY LINE OF BLOCK

"B" AND CONTINUING NORTHWESTERLY ALONG SAID CURVE AND THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) 231.10 FEET THROUGH A CENTRAL ANGLE OF 49° 02' 24" TO THE BEGINNING OF A REVERSE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT OF REVERSE CURVE BEARS SOUTH 74° 56' 10" WEST; THENCE NORTHWESTERLY AND WESTERLY 284.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 20' 04" TO A POINT ON THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF LOT 33 OF BLOCK "A" OF SAID TOWN OF ROWLAND. A RADIAL LINE THROUGH SAID POINT BEARS NORTH 25° 36' 06" EAST; THENCE NORTHEASTERLY ALONG THE SOUTHWESTERLY PROLONGATION AND THE NORTHWESTERLY LINE OF SAID LOT 33, NORTH 25° 53' 46" EAST 110.94 FEET TO A POINT ON THE EASTERLY LINE OF SUPERIOR COURT CASE NO. 926888, RECORDED IN BOOK M-2785, PAGE 564 OF OFFICIAL RECORDS. SAID POINT ALSO BEING A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 130.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 89° 26' 31" EAST; THENCE NORTHERLY 22.23 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09° 47' 47"; THENCE NORTH 10° 21' 16" WEST 21.05 FEET TO THE MOST SOUTHERLY CORNER OF THAT CERTAIN PARCEL DESIGNATED AS PARCEL 6 PER INSTRUMENT NO. 2500, RECORDED JANUARY 17, 1975 IN BOOK D-6532 PAGE 478 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY AND NORTHEASTERLY LINE OF SAID PARCEL, NORTH 25° 53' 46" EAST 98.44 FEET; THENCE NORTH 64° 06' 14" WEST 72.18 FEET TO A POINT ON THE EASTERLY LINE OF THE HEREINABOVE MENTIONED SUPERIOR COURT CASE NO. 926888; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 10° 21' 16" EAST 2.48 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK "A" NORTH 64° 06' 14" WEST 62.76 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 60.00 FEET EASTERLY FROM THE WESTERLY LINE OF LOT 1 OF SAID BLOCK "A"; THENCE PARALLEL WITH THE WESTERLY LINE OF SAID LOT 1 NORTH 05° 32' 45" EAST 223.98 FEET TO A POINT ON THE NORTHEASTERLY LINE OF DEPOT STREET (VACATED, 60.00 FEET WIDE); THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF DEPOT STREET (VACATED, 60.00 FEET WIDE) SOUTH 64° 06' 14" EAST 1,495.32 FEET A POINT ON THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF BLOCK "C" OF SAID TOWN OF ROWLAND; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY PROLONGATION OF SAID BLOCK "C", SOUTH 25° 53' 46" WEST 60.00 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK "C"; THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF BLOCK "C", SOUTH 25° 53' 46" WEST 60.00 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK "C"; THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF BLOCK "C" AND THE SOUTHEASTERLY LINE OF BLOCK "G", SOUTH 25° 53' 46" WEST 600.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM A PORTION OF BLOCK "C", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH A PORTION OF DEPOT STREET, 60.00 FEET WIDE, AS DEDICATED IN THE MAP OF TOWN OF ROWLAND AND VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES RECORDED DECEMBER 31, 1980, AS INSTRUMENT NO. 80-13166077, OF OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND; THENCE ALONG THE SOUTHEASTERLY LINES OF BLOCK "G" AND BLOCK "C" AND THEIR PROLONGATION THROUGH OLIVE STREET, 60.00 FEET WIDE, VACATED PER RESOLUTION NO. 47 OF THE CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957, IN BOOK 56561, PAGE 24 OF OFFICIAL RECORDS OF SAID COUNTY, NORTH 25° 53' 46" EAST, 530 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG THE SOUTHEASTERLY LINE OF SAID BLOCK "C" AND ITS NORTHEASTERLY PROLONGATION, NORTH 25° 53' 46" EAST, 100.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 30.00 FEET NORTHEASTERLY AS MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK "C"; THENCE ALONG SAID PARALLEL LINE, NORTH 64° 06' 14" WEST, 200.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 200.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 200.00 FEET NORTHWESTERLY AS MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF BLOCK "C" OF TOWN OF ROWLAND; THENCE ALONG SAID PARALLEL LINE, SOUTH 25° 53' 46" WEST, 100.00 FEET; THENCE SOUTH 64° 06' 14" EAST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B (APN: 8264-001-928)

THOSE PORTIONS OF LOTS 1, 2, 3, 34 AND 35 OF BLOCK "A", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH A PORTION OF OLIVE STREET (60.00 FEET WIDE) AS DEDICATED ON SAID MAP OF TOWN OF ROWLAND AND VACATED BY RESOLUTION No.47 OF SAID CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957 IN BOOK 56151, PAGE 24, OFFICIAL RECORDS OF SAID COUNTY, ALL TOGETHER DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND, SAID POINT ALSO BEING ON THE NORTHEASTERLY LINE OF GALE

AVENUE (60.00 FEET WIDE) AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK D-1523 PAGE 453 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF BLOCK "G", BLOCK "B", AND THE NORTHWESTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) NORTH 64° 06' 14" WEST, 805.15 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 270.00 FEET; THENCE LEAVING THE SOUTHWESTERLY LINE OF BLOCK "B" AND CONTINUING NORTHWESTERLY ALONG SAID CURVE AND THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) 231.10 FEET THROUGH A CENTRAL ANGLE OF 49° 02' 24" TO THE BEGINNING OF A REVERSE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT OF REVERSE CURVE BEARS SOUTH 74° 56' 10" WEST; THENCE NORTHWESTERLY AND WESTERLY 284.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 20' 04" TO A POINT ON THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF LOT 33 OF BLOCK "A" OF SAID TOWN OF ROWLAND. A RADIAL LINE THROUGH SAID POINT BEARS NORTH 25° 36' 06" EAST, SAID SOUTHWESTERLY PROLONGATION ALSO BEING THE **POINT OF BEGINNING**; THENCE NORTHEASTERLY ALONG THE SOUTHWESTERLY PROLONGATION AND THE NORTHWESTERLY LINE OF SAID LOT 33, NORTH 25° 53' 46" EAST 110.94 FEET TO A POINT ON THE EASTERLY LINE OF SUPERIOR COURT CASE NO. 926888, RECORDED IN BOOK M-2785, PAGE 564 OF OFFICIAL RECORDS. SAID POINT ALSO BEING A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 130.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 89° 26' 31" EAST; THENCE NORTHERLY 22.23 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09° 47' 47"; THENCE NORTH 10° 21' 16" WEST 21.05 FEET TO THE MOST SOUTHERLY CORNER OF THAT CERTAIN PARCEL DESIGNATED AS PARCEL 6 PER INSTRUMENT NO. 2500, RECORDED JANUARY 17, 1975 IN BOOK D-6532 PAGE 478 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY AND NORTHEASTERLY LINE OF SAID PARCEL, NORTH 25° 53' 46" EAST 98.44 FEET; THENCE NORTH 64° 06' 14" WEST 72.18 FEET TO A POINT ON THE EASTERLY LINE OF THE HEREINABOVE MENTIONED SUPERIOR COURT CASE NO. 926888; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 10° 21' 16" EAST 2.48 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK "A" NORTH 64° 06' 14" WEST 62.76 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 60.00 FEET EASTERLY FROM THE WESTERLY LINE OF LOT 1 OF SAID BLOCK "A"; THENCE PARALLEL WITH THE WESTERLY LINE OF SAID LOT 1 SOUTH 05° 32' 45" WEST 266.71 FEET TO A POINT ON THE NORTHEASTERLY LINE OF GALE AVENUE (VARIED WIDTH), SAID POINT BEING ON A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 14°17'07" EAST; THENCE NORTHEASTERLY ALONG LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 11°18'59", A DISTANCE OF 65.18 FEET TO THE **POINT OF BEGINNING**

PARCEL C

A NON-EXCLUSIVE EASEMENT AND RIGHT OF WAY FOR ROAD PURPOSES OVER THAT PORTION OF DEPOT STREET, WHICH IS DESCRIBED AS FOLLOWS:

THAT PORTION OF DEPOT STREET, 60 FEET WIDE, AS SHOWN ON THE MAP OF TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING BETWEEN THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF BLOCK "D" OF SAID TOWN OF ROWLAND AND THE NORTHEASTERLY PROLONGATION OF LINE PARALLEL WITH AND DISTANT SOUTHEASTERLY 396.11 FEET MEASURED AT RIGHT ANGLES FROM THE SAID NORTHWESTERLY LINE OF SAID BLOCK "D" OF SAID TOWN OF ROWLAND.

PARCEL D

A NON-EXCLUSIVE EASEMENT AND RIGHT-OF-WAY FOR ROAD PURPOSES OVER THAT PORTION OF DEPOT STREET, WHICH IS DESCRIBED AS FOLLOWS:

THAT PORTION OF DEPOT STREET, 60 FEET WIDE, AS SHOWN ON THE MAP OF TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING BETWEEN THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF BLOCK "F" OF SAID TOWN OF ROWLAND, AND THE NORTHEASTERLY PROLONGATION OF LINE PARALLEL WITH AND DISTANT SOUTHEASTERLY 396.11 FEET, MEASURED AT RIGHT ANGLES FROM THE SAID NORTHWESTERLY LINE OF SAID BLOCK "D" OF SAID TOWN OF ROWLAND.

THE ABOVE DESCRIBED PARCELS CONTAINING 19.08 ACRE (831,310.35 SQUARE FEET) OF LAND, MORE OR LESS.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.

CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No.1012
Checked by: ____ February 19, 2015

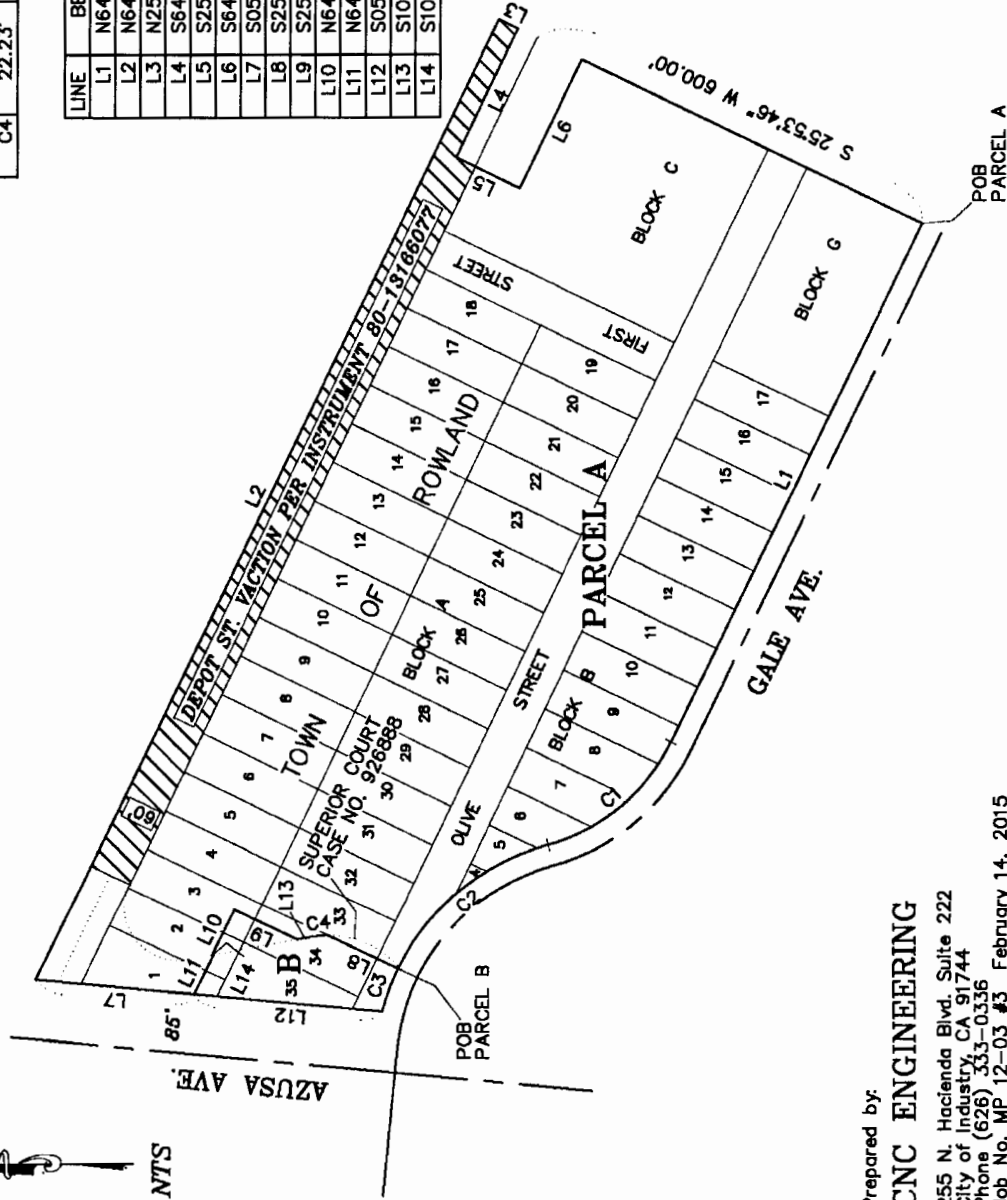
Page 6 of 6

A-7

EXHIBIT B

LINE	ARC	RADIUS	DELTA
C1	231.10'	270.00'	49°02'24"
C2	284.15'	330.00'	49°20'04"
C3	65.18'	330.00'	11°18'59"
C4	22.23'	130.00'	9°47'47"

LINE	BEARING	DISTANCE
L1	N64°06'14"W	805.15'
L2	N64°06'14"W	1495.32'
L3	N25°53'46"E	30.00'
L4	S64°06'14"E	200.00'
L5	S25°53'46"W	100.00'
L6	S64°06'14"E	200.00'
L7	S05°32'45"W	223.98'
L8	S25°53'46"W	110.94'
L9	S25°53'46"W	98.44'
L10	N64°06'14"W	72.18'
L11	N64°06'14"W	62.76'
L12	S05°32'45"W	266.71'
L13	S10°21'16"E	21.05'
L14	S10°21'16"E	2.48'



Legal No. 1012
SHEET 1 OF 1

Prepared by:
CNC ENGINEERING
255 N. Hacienda Blvd, Suite 222
City of Industry, CA 91744
Phone (626) 333-0336
Job No. MP 12-03 #3 February 14, 2015

EXHIBIT "B"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

APN:

[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]

GRANT DEED

Documentary Transfer Tax: \$ _____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the "**Grantor**"), hereby grants to **R.Y. PROPERTIES, INC.**, a California corporation (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all improvements located thereon and all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase and Sale Agreement [17201 and 17301 Gale Avenue] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2015, the terms of which are incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis

listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

2. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In deeds: “The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and

paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(c) In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

3. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

4. The covenants contained in Paragraphs 1 and 2 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

5. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR:

SUCCESSOR AGENCY TO THE INDUSTRY
URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Secretary

GRANTEE:

R.Y. PROPERTIES, INC.,
a California corporation

By: _____
Name: Robert Yu
Title: President

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Exhibit A
LEGAL DESCRIPTION
(Attached.)

LEGAL DESCRIPTION
17301 Gale Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

PARCEL A (APN: 8564-001-943 & 944)

A PORTION OF LOTS 1-35 INCLUSIVE OF BLOCK "A", PORTION OF LOTS 1-17, INCLUSIVE OF BLOCK "B", A PORTION OF BLOCK "C", BLOCK "G", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDED OF SAID LOS ANGELES COUNTY, ALONG WITH A PORTION OF FIRST STREET (60.00 FEET) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND VACATED BY THE ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, RECORDED MAY 15, 1957 IN BOOK 54512, PAGE 52 OF OFFICIAL RECORDS, A PORTION OF OLIVE STREET (60.00 FEET WIDE) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND VACATED BY RESOLUTION NO. 47 OF SAID CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957, IN BOOK 56151, PAGE 24, OFFICIAL RECORDS AND ALONG WITH A PORTION OF DEPOT STREET (60.00 FEET WIDE) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND, VACATED BY THE ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, RECORDED DECEMBER 31, 1980 AS INSTRUMENT NO. 80-1316607, ALL OF OFFICIAL RECORDS DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND, SAID POINT ALSO BEING ON THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK D-1523 PAGE 453 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF BLOCK "G", BLOCK "B", AND THE NORTHWESTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) NORTH 64° 06' 14" WEST, 805.15 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 270.00 FEET; THENCE LEAVING THE SOUTHWESTERLY LINE OF BLOCK

"B" AND CONTINUING NORTHWESTERLY ALONG SAID CURVE AND THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) 231.10 FEET THROUGH A CENTRAL ANGLE OF 49° 02' 24" TO THE BEGINNING OF A REVERSE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT OF REVERSE CURVE BEARS SOUTH 74° 56' 10" WEST; THENCE NORTHWESTERLY AND WESTERLY 284.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 20' 04" TO A POINT ON THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF LOT 33 OF BLOCK "A" OF SAID TOWN OF ROWLAND. A RADIAL LINE THROUGH SAID POINT BEARS NORTH 25° 36' 06" EAST; THENCE NORTHEASTERLY ALONG THE SOUTHWESTERLY PROLONGATION AND THE NORTHWESTERLY LINE OF SAID LOT 33, NORTH 25° 53' 46" EAST 110.94 FEET TO A POINT ON THE EASTERLY LINE OF SUPERIOR COURT CASE NO. 926888, RECORDED IN BOOK M-2785, PAGE 564 OF OFFICIAL RECORDS. SAID POINT ALSO BEING A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 130.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 89° 26' 31" EAST; THENCE NORTHERLY 22.23 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09° 47' 47"; THENCE NORTH 10° 21' 16" WEST 21.05 FEET TO THE MOST SOUTHERLY CORNER OF THAT CERTAIN PARCEL DESIGNATED AS PARCEL 6 PER INSTRUMENT NO. 2500, RECORDED JANUARY 17, 1975 IN BOOK D-6532 PAGE 478 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY AND NORTHEASTERLY LINE OF SAID PARCEL, NORTH 25° 53' 46" EAST 98.44 FEET; THENCE NORTH 64° 06' 14" WEST 72.18 FEET TO A POINT ON THE EASTERLY LINE OF THE HEREINABOVE MENTIONED SUPERIOR COURT CASE NO. 926888; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 10° 21' 16" EAST 2.48 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK "A" NORTH 64° 06' 14" WEST 62.76 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 60.00 FEET EASTERLY FROM THE WESTERLY LINE OF LOT 1 OF SAID BLOCK "A"; THENCE PARALLEL WITH THE WESTERLY LINE OF SAID LOT 1 NORTH 05° 32' 45" EAST 223.98 FEET TO A POINT ON THE NORTHEASTERLY LINE OF DEPOT STREET (VACATED, 60.00 FEET WIDE); THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF DEPOT STREET (VACATED, 60.00 FEET WIDE) SOUTH 64° 06' 14" EAST 1,495.32 FEET A POINT ON THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF BLOCK "C" OF SAID TOWN OF ROWLAND; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY PROLONGATION OF SAID BLOCK "C", SOUTH 25° 53' 46" WEST 60.00 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK "C"; THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF BLOCK "C", SOUTH 25° 53' 46" WEST 60.00 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK "C"; THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF BLOCK "C" AND THE SOUTHEASTERLY LINE OF BLOCK "G", SOUTH 25° 53' 46" WEST 600.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM A PORTION OF BLOCK "C", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH A PORTION OF DEPOT STREET, 60.00 FEET WIDE, AS DEDICATED IN THE MAP OF TOWN OF ROWLAND AND VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES RECORDED DECEMBER 31, 1980, AS INSTRUMENT NO. 80-13166077, OF OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND; THENCE ALONG THE SOUTHEASTERLY LINES OF BLOCK "G" AND BLOCK "C" AND THEIR PROLONGATION THROUGH OLIVE STREET, 60.00 FEET WIDE, VACATED PER RESOLUTION NO. 47 OF THE CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957, IN BOOK 56561, PAGE 24 OF OFFICIAL RECORDS OF SAID COUNTY, NORTH 25° 53' 46" EAST, 530 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG THE SOUTHEASTERLY LINE OF SAID BLOCK "C" AND ITS NORTHEASTERLY PROLONGATION, NORTH 25° 53' 46" EAST, 100.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 30.00 FEET NORTHEASTERLY AS MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK "C"; THENCE ALONG SAID PARALLEL LINE, NORTH 64° 06' 14" WEST, 200.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 200.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 200.00 FEET NORTHWESTERLY AS MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF BLOCK "C" OF TOWN OF ROWLAND; THENCE ALONG SAID PARALLEL LINE, SOUTH 25° 53' 46" WEST, 100.00 FEET; THENCE SOUTH 64° 06' 14" EAST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B (APN: 8264-001-928)

THOSE PORTIONS OF LOTS 1, 2, 3, 34 AND 35 OF BLOCK "A", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH A PORTION OF OLIVE STREET (60.00 FEET WIDE) AS DEDICATED ON SAID MAP OF TOWN OF ROWLAND AND VACATED BY RESOLUTION No.47 OF SAID CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957 IN BOOK 56151, PAGE 24, OFFICIAL RECORDS OF SAID COUNTY, ALL TOGETHER DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND, SAID POINT ALSO BEING ON THE NORTHEASTERLY LINE OF GALE

AVENUE (60.00 FEET WIDE) AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK D-1523 PAGE 453 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF BLOCK "G", BLOCK "B", AND THE NORTHWESTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) NORTH 64° 06' 14" WEST, 805.15 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 270.00 FEET; THENCE LEAVING THE SOUTHWESTERLY LINE OF BLOCK "B" AND CONTINUING NORTHWESTERLY ALONG SAID CURVE AND THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) 231.10 FEET THROUGH A CENTRAL ANGLE OF 49° 02' 24" TO THE BEGINNING OF A REVERSE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT OF REVERSE CURVE BEARS SOUTH 74° 56' 10" WEST; THENCE NORTHWESTERLY AND WESTERLY 284.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 20' 04" TO A POINT ON THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF LOT 33 OF BLOCK "A" OF SAID TOWN OF ROWLAND. A RADIAL LINE THROUGH SAID POINT BEARS NORTH 25° 36' 06" EAST, SAID SOUTHWESTERLY PROLONGATION ALSO BEING THE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG THE SOUTHWESTERLY PROLONGATION AND THE NORTHWESTERLY LINE OF SAID LOT 33, NORTH 25° 53' 46" EAST 110.94 FEET TO A POINT ON THE EASTERLY LINE OF SUPERIOR COURT CASE NO. 926888, RECORDED IN BOOK M-2785, PAGE 564 OF OFFICIAL RECORDS. SAID POINT ALSO BEING A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 130.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 89° 26' 31" EAST; THENCE NORTHERLY 22.23 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09° 47' 47"; THENCE NORTH 10° 21' 16" WEST 21.05 FEET TO THE MOST SOUTHERLY CORNER OF THAT CERTAIN PARCEL DESIGNATED AS PARCEL 6 PER INSTRUMENT NO. 2500, RECORDED JANUARY 17, 1975 IN BOOK D-6532 PAGE 478 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY AND NORTHEASTERLY LINE OF SAID PARCEL, NORTH 25° 53' 46" EAST 98.44 FEET; THENCE NORTH 64° 06' 14" WEST 72.18 FEET TO A POINT ON THE EASTERLY LINE OF THE HEREINABOVE MENTIONED SUPERIOR COURT CASE NO. 926888; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 10° 21' 16" EAST 2.48 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK "A" NORTH 64° 06' 14" WEST 62.76 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 60.00 FEET EASTERLY FROM THE WESTERLY LINE OF LOT 1 OF SAID BLOCK "A"; THENCE PARALLEL WITH THE WESTERLY LINE OF SAID LOT 1 SOUTH 05° 32' 45" WEST 266.71 FEET TO A POINT ON THE NORTHEASTERLY LINE OF GALE AVENUE (VARIED WIDTH), SAID POINT BEING ON A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 14°17'07" EAST; THENCE NORTHEASTERLY ALONG LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 11°18'59", A DISTANCE OF 65.18 FEET TO THE POINT OF BEGINNING

PARCEL C

A NON-EXCLUSIVE EASEMENT AND RIGHT OF WAY FOR ROAD PURPOSES OVER THAT PORTION OF DEPOT STREET, WHICH IS DESCRIBED AS FOLLOWS:

THAT PORTION OF DEPOT STREET, 60 FEET WIDE, AS SHOWN ON THE MAP OF TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING BETWEEN THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF BLOCK "D" OF SAID TOWN OF ROWLAND AND THE NORTHEASTERLY PROLONGATION OF LINE PARALLEL WITH AND DISTANT SOUTHEASTERLY 396.11 FEET MEASURED AT RIGHT ANGLES FROM THE SAID NORTHWESTERLY LINE OF SAID BLOCK "D" OF SAID TOWN OF ROWLAND.

PARCEL D

A NON-EXCLUSIVE EASEMENT AND RIGHT-OF-WAY FOR ROAD PURPOSES OVER THAT PORTION OF DEPOT STREET, WHICH IS DESCRIBED AS FOLLOWS:

THAT PORTION OF DEPOT STREET, 60 FEET WIDE, AS SHOWN ON THE MAP OF TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING BETWEEN THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF BLOCK "F" OF SAID TOWN OF ROWLAND, AND THE NORTHEASTERLY PROLONGATION OF LINE PARALLEL WITH AND DISTANT SOUTHEASTERLY 396.11 FEET, MEASURED AT RIGHT ANGLES FROM THE SAID NORTHWESTERLY LINE OF SAID BLOCK "D" OF SAID TOWN OF ROWLAND.

THE ABOVE DESCRIBED PARCELS CONTAINING 19.08 ACRE (831,310.35 SQUARE FEET) OF LAND, MORE OR LESS.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.

CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No.1012
Checked by: ____ February 19, 2015

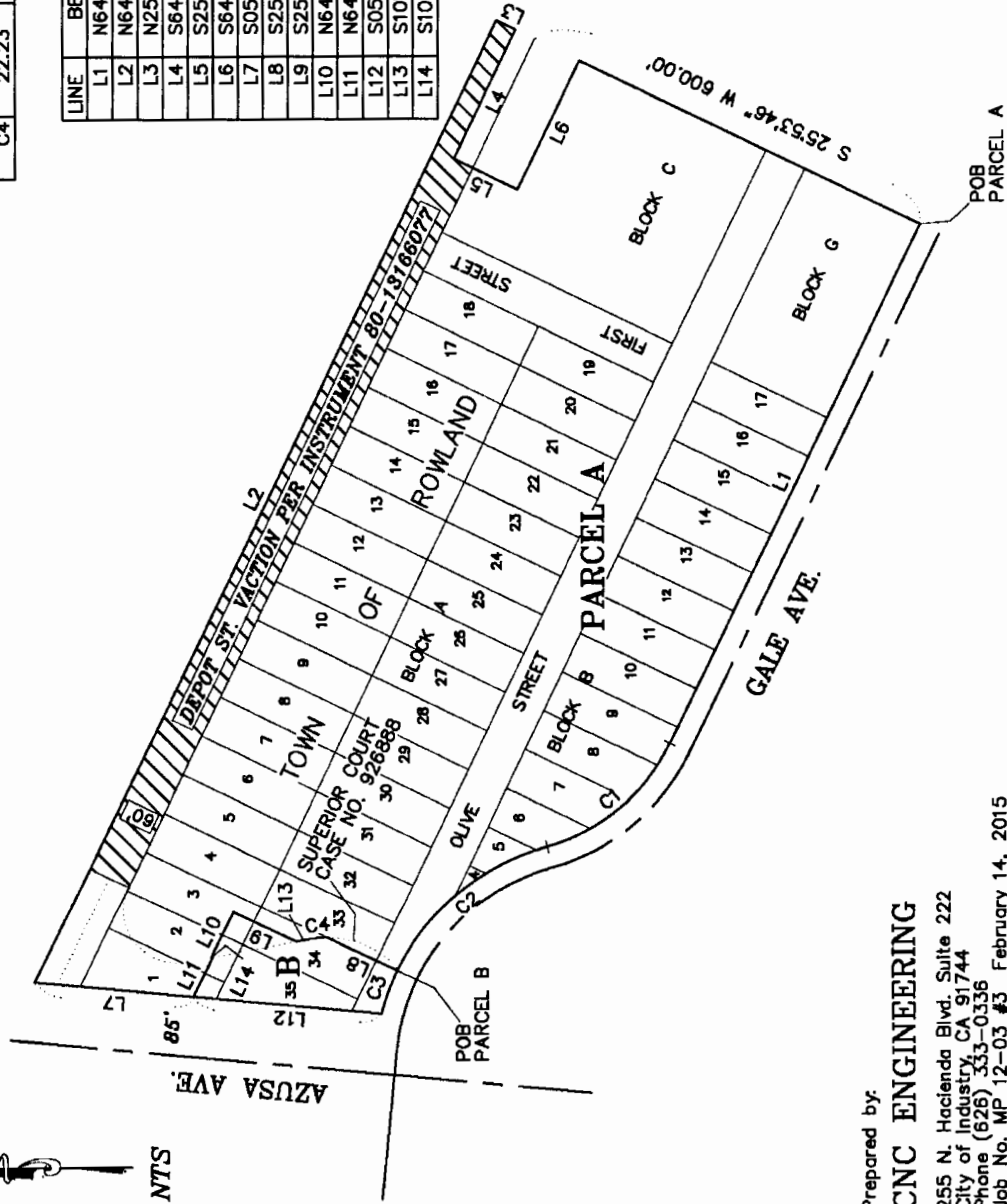
Page 6 of 6

B-13

EXHIBIT B

LINE	ARC	RADIUS	DELTA
C1	231.10'	270.00'	49°02'24"
C2	284.15'	330.00'	49°20'04"
C3	65.18'	330.00'	11°18'59"
C4	22.23'	130.00'	9°47'47"

LINE	BEARING	DISTANCE
L1	N64°06'14"W	805.15'
L2	N64°06'14"W	1495.32'
L3	N25°53'46"E	30.00'
L4	S64°06'14"E	200.00'
L5	S25°53'46"W	100.00'
L6	S64°06'14"E	200.00'
L7	S05°32'45"W	223.98'
L8	S25°53'46"W	110.94'
L9	S25°53'46"W	98.44'
L10	N64°06'14"W	72.18'
L11	N64°06'14"W	62.76'
L12	S05°32'45"W	266.71'
L13	S10°21'16"E	21.05'
L14	S10°21'16"E	2.48'



Prepared by:
CNC ENGINEERING
 255 N. Hacienda Blvd, Suite 222
 City of Industry, CA 91744
 Phone (626) 333-0336
 Job No. MP 12-03 #3 February 14, 2015

Legal No. 1012
 SHEET 1 OF 1

EXHIBIT "C"

RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "Agreement") is made and entered into as of _____, 2015, by the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (herein called "Grantor"), and **R.Y. PROPERTIES, INC.**, a California corporation (herein called "Grantee").

WITNESSETH:

WHEREAS, Grantor is the owner of the real property more particularly described on Exhibit A, which exhibit is attached hereto and incorporated herein by reference (herein called the "Property");

WHEREAS, concurrently with the execution of this Agreement, Grantor and Grantee contemplate entering into a Purchase and Sale Agreement related to the Property (the "Purchase Agreement");

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of undertaking tests, inspections and other due diligence activities (herein called the "Due Diligence Activities") in connection with the proposed acquisition by Grantee of the Property;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

(a) Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the expiration of the Due Diligence Period (as defined in the Purchase Agreement); or (ii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors, representatives and other designees (herein collectively called "**Grantee's Designees**") shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee's Designees onto the Property in connection with the Due Diligence Activities shall not materially damage the Property in any manner whatsoever or disturb or interfere with the rights or possession of any tenant on the Property, (ii) in the event the Property is materially altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to substantially the same condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, reasonable attorneys' fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee's Designees onto the Property; provided, however, that in no event shall Grantee be liable for any liabilities, damages, losses, costs or expenses of any kind or nature that relate, directly or indirectly, to (y) consequential or punitive damages; or (z) matters that are merely discovered, but not exacerbated, by Grantee. Notwithstanding any provision of this Agreement to the contrary, Grantee shall not have the right to undertake any invasive activities or tests upon the Property, or any environmental testing on the Property beyond the scope of a standard "Phase I" investigation, without the prior written consent of Grantor of a workplan for such "Phase II" or invasive testing. If Grantor does not respond or reject any workplan within ten (10) days of Grantee's delivery of the written workplan proposal to Grantor pursuant to the notice provisions of this Agreement, then Grantor shall be deemed to have approved the submitted workplan and Grantee may proceed with such testing. If Grantor rejects such proposed workplan in whole or in part, then this Agreement shall become null and void at the sole option of Grantee, which option must be exercised by Grantee's giving Grantor written notice on or before the expiration of the Due Diligence Period, as defined in the Purchase Agreement.

2. Lien Waivers. Upon receipt of a written request from Grantor, Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. Grantee hereby indemnifies Grantor from and against any claims or demands for payment, or any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

3. Insurance. Grantee shall, and shall cause all of Grantee's Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than One Million Dollars (\$1,000,000.00), and to deliver to Grantor a certificate of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

4. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

5. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

6. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or shall be sent by nationally recognized commercial courier for next business day delivery, to the addresses set forth below the respective executions of the parties hereof, or to such other addresses as are specified by written notice given in accordance herewith, or shall be transmitted by facsimile to the number for each party set forth below their respective executions hereof, or to such other numbers as are specified by written notice given in accordance herewith. All notices, demands, or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier as hereinabove provided shall be deemed given on the date of deposit with the commercial courier; and those given by facsimile shall be deemed given on the date of facsimile transmittal. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address or facsimile number of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery, on the date of facsimile transmittal, on the first calendar day after deposit with commercial courier, or on the third calendar day following deposit in the United States Mail, as the case may be.

7. Assignment. This Agreement may be assigned by Grantee, in whole or in part.

8. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

10. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, all the day and year first written above.

GRANTEE:

R.Y. PROPERTIES, INC.,
a California corporation

By: _____
Name: Robert Yu
Title: President

Address for notices: R.Y. Properties, Inc.
212 South Palm Avenue
Suite 200
Alhambra, California 91801
Attention: Kimberly Yu
Robert Yu
Telephone: (626) 282-3100
Facsimile: (626) 282-6588
Email: Kimberlyyu@earthlink.net
Robertyu212@earthlink.net

with a copy to: Thomas F. Zimmerman
Attorney at Law
1000 Dove Street
Suite 300
Newport Beach, California 92679
Telephone: (949) 340-0644
Facsimile (877) 828-0383
Email: tfz@cox.net

(Signatures continued)

GRANTOR:

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

Address for notices: Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Kevin Radecki
Telephone: (626) 333-1480
Facsimile: (626) 336-4273

With a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071
Attn.: Jim G. Grayson, Esq.
Telephone: (213) 626-8484
Facsimile: (213) 626-0078

Exhibit A
LEGAL DESCRIPTION
(Attached.)

LEGAL DESCRIPTION
17301 Gale Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

PARCEL A (APN: 8564-001-943 & 944)

A PORTION OF LOTS 1-35 INCLUSIVE OF BLOCK "A", PORTION OF LOTS 1-17, INCLUSIVE OF BLOCK "B", A PORTION OF BLOCK "C", BLOCK "G", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDED OF SAID LOS ANGELES COUNTY, ALONG WITH A PORTION OF FIRST STREET (60.00 FEET) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND VACATED BY THE ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, RECORDED MAY 15, 1957 IN BOOK 54512, PAGE 52 OF OFFICIAL RECORDS, A PORTION OF OLIVE STREET (60.00 FEET WIDE) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND VACATED BY RESOLUTION NO. 47 OF SAID CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957, IN BOOK 56151, PAGE 24, OFFICIAL RECORDS AND ALONG WITH A PORTION OF DEPOT STREET (60.00 FEET WIDE) AS DEDICATED ON THE MAP OF THE TOWN OF ROWLAND, VACATED BY THE ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, RECORDED DECEMBER 31, 1980 AS INSTRUMENT NO. 80-1316607, ALL OF OFFICIAL RECORDS DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND, SAID POINT ALSO BEING ON THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK D-1523 PAGE 453 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF BLOCK "G", BLOCK "B", AND THE NORTHWESTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) NORTH 64° 06' 14" WEST, 805.15 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 270.00 FEET; THENCE LEAVING THE SOUTHWESTERLY LINE OF BLOCK

"B" AND CONTINUING NORTHWESTERLY ALONG SAID CURVE AND THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) 231.10 FEET THROUGH A CENTRAL ANGLE OF 49° 02' 24" TO THE BEGINNING OF A REVERSE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT OF REVERSE CURVE BEARS SOUTH 74° 56' 10" WEST; THENCE NORTHWESTERLY AND WESTERLY 284.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 20' 04" TO A POINT ON THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF LOT 33 OF BLOCK "A" OF SAID TOWN OF ROWLAND. A RADIAL LINE THROUGH SAID POINT BEARS NORTH 25° 36' 06" EAST; THENCE NORTHEASTERLY ALONG THE SOUTHWESTERLY PROLONGATION AND THE NORTHWESTERLY LINE OF SAID LOT 33, NORTH 25° 53' 46" EAST 110.94 FEET TO A POINT ON THE EASTERLY LINE OF SUPERIOR COURT CASE NO. 926888, RECORDED IN BOOK M-2785, PAGE 564 OF OFFICIAL RECORDS. SAID POINT ALSO BEING A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 130.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 89° 26' 31" EAST; THENCE NORTHERLY 22.23 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09° 47' 47"; THENCE NORTH 10° 21' 16" WEST 21.05 FEET TO THE MOST SOUTHERLY CORNER OF THAT CERTAIN PARCEL DESIGNATED AS PARCEL 6 PER INSTRUMENT NO. 2500, RECORDED JANUARY 17, 1975 IN BOOK D-6532 PAGE 478 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY AND NORTHEASTERLY LINE OF SAID PARCEL, NORTH 25° 53' 46" EAST 98.44 FEET; THENCE NORTH 64° 06' 14" WEST 72.18 FEET TO A POINT ON THE EASTERLY LINE OF THE HEREINABOVE MENTIONED SUPERIOR COURT CASE NO. 926888; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 10° 21' 16" EAST 2.48 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK "A" NORTH 64° 06' 14" WEST 62.76 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 60.00 FEET EASTERLY FROM THE WESTERLY LINE OF LOT 1 OF SAID BLOCK "A"; THENCE PARALLEL WITH THE WESTERLY LINE OF SAID LOT 1 NORTH 05° 32' 45" EAST 223.98 FEET TO A POINT ON THE NORTHEASTERLY LINE OF DEPOT STREET (VACATED, 60.00 FEET WIDE); THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF DEPOT STREET (VACATED, 60.00 FEET WIDE) SOUTH 64° 06' 14" EAST 1,495.32 FEET A POINT ON THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF BLOCK "C" OF SAID TOWN OF ROWLAND; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY PROLONGATION OF SAID BLOCK "C", SOUTH 25° 53' 46" WEST 60.00 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK "C"; THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF BLOCK "C", SOUTH 25° 53' 46" WEST 60.00 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK "C"; THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF BLOCK "C" AND THE SOUTHEASTERLY LINE OF BLOCK "G", SOUTH 25° 53' 46" WEST 600.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM A PORTION OF BLOCK "C", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH A PORTION OF DEPOT STREET, 60.00 FEET WIDE, AS DEDICATED IN THE MAP OF TOWN OF ROWLAND AND VACATED BY ORDER OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES RECORDED DECEMBER 31, 1980, AS INSTRUMENT NO. 80-13166077, OF OFFICIAL RECORDS AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND; THENCE ALONG THE SOUTHEASTERLY LINES OF BLOCK "G" AND BLOCK "C" AND THEIR PROLONGATION THROUGH OLIVE STREET, 60.00 FEET WIDE, VACATED PER RESOLUTION NO. 47 OF THE CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957, IN BOOK 56561, PAGE 24 OF OFFICIAL RECORDS OF SAID COUNTY, NORTH 25° 53' 46" EAST, 530 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG THE SOUTHEASTERLY LINE OF SAID BLOCK "C" AND ITS NORTHEASTERLY PROLONGATION, NORTH 25° 53' 46" EAST, 100.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 30.00 FEET NORTHEASTERLY AS MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK "C"; THENCE ALONG SAID PARALLEL LINE, NORTH 64° 06' 14" WEST, 200.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 200.00 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 200.00 FEET NORTHWESTERLY AS MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF BLOCK "C" OF TOWN OF ROWLAND; THENCE ALONG SAID PARALLEL LINE, SOUTH 25° 53' 46" WEST, 100.00 FEET; THENCE SOUTH 64° 06' 14" EAST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B (APN: 8264-001-928)

THOSE PORTIONS OF LOTS 1, 2, 3, 34 AND 35 OF BLOCK "A", TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH A PORTION OF OLIVE STREET (60.00 FEET WIDE) AS DEDICATED ON SAID MAP OF TOWN OF ROWLAND AND VACATED BY RESOLUTION No.47 OF SAID CITY OF INDUSTRY AND RECORDED NOVEMBER 27, 1957 IN BOOK 56151, PAGE 24, OFFICIAL RECORDS OF SAID COUNTY, ALL TOGETHER DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF BLOCK "G" OF THE TOWN OF ROWLAND, SAID POINT ALSO BEING ON THE NORTHEASTERLY LINE OF GALE

AVENUE (60.00 FEET WIDE) AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK D-1523 PAGE 453 OF OFFICIAL RECORDS; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF BLOCK "G", BLOCK "B", AND THE NORTHWESTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) NORTH 64° 06' 14" WEST, 805.15 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 270.00 FEET; THENCE LEAVING THE SOUTHWESTERLY LINE OF BLOCK "B" AND CONTINUING NORTHWESTERLY ALONG SAID CURVE AND THE NORTHEASTERLY LINE OF GALE AVENUE (60.00 FEET WIDE) 231.10 FEET THROUGH A CENTRAL ANGLE OF 49° 02' 24" TO THE BEGINNING OF A REVERSE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT OF REVERSE CURVE BEARS SOUTH 74° 56' 10" WEST; THENCE NORTHWESTERLY AND WESTERLY 284.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 49° 20' 04" TO A POINT ON THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF LOT 33 OF BLOCK "A" OF SAID TOWN OF ROWLAND. A RADIAL LINE THROUGH SAID POINT BEARS NORTH 25° 36' 06" EAST, SAID SOUTHWESTERLY PROLONGATION ALSO BEING THE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG THE SOUTHWESTERLY PROLONGATION AND THE NORTHWESTERLY LINE OF SAID LOT 33, NORTH 25° 53' 46" EAST 110.94 FEET TO A POINT ON THE EASTERLY LINE OF SUPERIOR COURT CASE NO. 926888, RECORDED IN BOOK M-2785, PAGE 564 OF OFFICIAL RECORDS. SAID POINT ALSO BEING A NON-TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 130.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 89° 26' 31" EAST; THENCE NORTHERLY 22.23 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 09° 47' 47"; THENCE NORTH 10° 21' 16" WEST 21.05 FEET TO THE MOST SOUTHERLY CORNER OF THAT CERTAIN PARCEL DESIGNATED AS PARCEL 6 PER INSTRUMENT NO. 2500, RECORDED JANUARY 17, 1975 IN BOOK D-6532 PAGE 478 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY AND NORTHEASTERLY LINE OF SAID PARCEL, NORTH 25° 53' 46" EAST 98.44 FEET; THENCE NORTH 64° 06' 14" WEST 72.18 FEET TO A POINT ON THE EASTERLY LINE OF THE HEREINABOVE MENTIONED SUPERIOR COURT CASE NO. 926888; THENCE SOUTHERLY ALONG SAID EASTERLY LINE SOUTH 10° 21' 16" EAST 2.48 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH THE NORTHEASTERLY LINE OF SAID BLOCK "A" NORTH 64° 06' 14" WEST 62.76 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND DISTANT 60.00 FEET EASTERLY FROM THE WESTERLY LINE OF LOT 1 OF SAID BLOCK "A"; THENCE PARALLEL WITH THE WESTERLY LINE OF SAID LOT 1 SOUTH 05° 32' 45" WEST 266.71 FEET TO A POINT ON THE NORTHEASTERLY LINE OF GALE AVENUE (VARIED WIDTH), SAID POINT BEING ON A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 330.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS NORTH 14°17'07" EAST; THENCE NORTHEASTERLY ALONG LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 11°18'59", A DISTANCE OF 65.18 FEET TO THE POINT OF BEGINNING

PARCEL C

A NON-EXCLUSIVE EASEMENT AND RIGHT OF WAY FOR ROAD PURPOSES OVER THAT PORTION OF DEPOT STREET, WHICH IS DESCRIBED AS FOLLOWS:

THAT PORTION OF DEPOT STREET, 60 FEET WIDE, AS SHOWN ON THE MAP OF TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING BETWEEN THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF BLOCK "D" OF SAID TOWN OF ROWLAND AND THE NORTHEASTERLY PROLONGATION OF LINE PARALLEL WITH AND DISTANT SOUTHEASTERLY 396.11 FEET MEASURED AT RIGHT ANGLES FROM THE SAID NORTHWESTERLY LINE OF SAID BLOCK "D" OF SAID TOWN OF ROWLAND.

PARCEL D

A NON-EXCLUSIVE EASEMENT AND RIGHT-OF-WAY FOR ROAD PURPOSES OVER THAT PORTION OF DEPOT STREET, WHICH IS DESCRIBED AS FOLLOWS:

THAT PORTION OF DEPOT STREET, 60 FEET WIDE, AS SHOWN ON THE MAP OF TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING BETWEEN THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF BLOCK "F" OF SAID TOWN OF ROWLAND, AND THE NORTHEASTERLY PROLONGATION OF LINE PARALLEL WITH AND DISTANT SOUTHEASTERLY 396.11 FEET, MEASURED AT RIGHT ANGLES FROM THE SAID NORTHWESTERLY LINE OF SAID BLOCK "D" OF SAID TOWN OF ROWLAND.

THE ABOVE DESCRIBED PARCELS CONTAINING 19.08 ACRE (831,310.35 SQUARE FEET) OF LAND, MORE OR LESS.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.

CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No.1012
Checked by: ___ February 19, 2015

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C-12

EXHIBIT B

LINE	ARC	RADIUS	DELTA
C1	231.10'	270.00'	49°02'24"
C2	284.15'	330.00'	49°20'04"
C3	65.18'	330.00'	11°18'59"
C4	22.23'	130.00'	9°47'47"

LINE	BEARING	DISTANCE
L1	N64°06'14"W	805.15'
L2	N64°06'14"W	1495.32'
L3	N25°53'46"E	30.00'
L4	S64°06'14"E	200.00'
L5	S25°53'46"W	100.00'
L6	S64°06'14"E	200.00'
L7	S05°32'45"W	223.98'
L8	S25°53'46"W	110.94'
L9	S25°53'46"W	98.44'
L10	N64°06'14"W	72.18'
L11	N64°06'14"W	62.76'
L12	S05°32'45"W	266.71'
L13	S10°21'16"E	21.05'
L14	S10°21'16"E	2.48'



Legal No. 1012
SHEET 1 OF 1

Prepared by:
CNC ENGINEERING
255 N. Hacienda Blvd. Suite 222
City of Industry, CA 91744
Phone (626) 333-0336
Job No. MP 12-03 #3 February 14, 2015

EXHIBIT "D"

FORM OF GENERAL ASSIGNMENT

This GENERAL ASSIGNMENT ("**Assignment**") is made as of _____, 2015, between **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** ("**Assignor**"), and **R.Y. PROPERTIES, INC.**, a California corporation ("**Assignee**").

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement dated as of _____, 2015 (the "**Purchase Agreement**"), pursuant to which Assignee has agreed to purchase from Assignor, among other things, all of Assignor's right, title and interest in and to certain Real Property more particularly described therein, and to the extent assignable to Assignee, all of Assignor's right, title and interest in and to the Appurtenances (as hereinafter defined). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement. For purposes hereof, "**Appurtenances**" means all of the Assignor's right, title and interest, if any, in and to the following but only to the extent assignable by law and without the prior consent of a third party and pertaining solely to the Real Property (and not any other property owned by the Assignor): (a) all improvements on the Real Property as of the Close of Escrow; (b) all rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders, including, without limitation, all (i) development rights and credits, air rights, water rights, and water stock, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, and (iii) mineral, oil, gas, and other subsurface rights; (c) all plats, maps, improvement plans, engineering plans, reports and data, surveys, third party reports and studies, designs, drawings and specifications; (d) all documents pertaining to the Real Property provided to Assignee by or on behalf of the Assignor prior to the Close of Escrow; (e) all architectural, site, landscaping or other permits, applications, approvals, authorizations, and other entitlements; (f) deposits, credits, fee credits (including without limitation water meter credits), pre-paid fees, refunds of impact or permit fees, reimbursements, rights to reimbursements and benefits of any cost sharing agreements, and school fee mitigation agreements, community facilities district and other assessment district rights, proceeds, deposits, advances, reimbursements, formation documents and benefits, and construction and design defect claim; and (g) guarantees, warranties, and utility contracts.

B. This Assignment is made pursuant to, and is therefore subject to the terms of, the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment of Appurtenances. Assignor hereby assigns, transfers, sets over and delivers to Assignee, to the extent assignable to Assignee, all of Assignor's right, title and interest, if any, in and to the Appurtenances. Assignor makes no representation or warranty of any kind to Assignee with respect to the Appurtenances other than as may expressly be set forth in the Purchase Agreement.

2. Assumption of Obligations. By execution of this Assignment, Assignee hereby accepts the assignment made by Assignor under Section 1 hereof and hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon the holder of Assignor's position under and in the Appurtenances arising on or after the date hereof.

3. Governing Law. This Assignment shall be governed by the laws of the State of California.

4. Binding Effect. This Assignment and the provisions contained herein shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

5. Attorneys' Fees. In the event of any legal action (including, but not limited to, appellate and bankruptcy proceedings) between or with respect to Assignor and/or Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

6. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first above written.

ASSIGNOR:

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

ASSIGNEE:

R.Y. PROPERTIES, INC.,
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: Robert Yu
Title: President

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.10

CLIENT MEMORANDUM

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY
FROM: VARNER & BRANDT LLP
SUBJECT: TRANSMITTAL OF FEBERUARY 24, 2015 OVERSIGHT BOARD MEETING AGENDA ITEM #5.8
DATE: FEBRUARY 18, 2015

The following memorandum provides the seven (7) board members (“Board Members”) of the Oversight Board (“Oversight Board”) to the Successor Agency to the Industry Urban-Development Agency (“Successor Agency”) with pertinent information in order for each Board Member to make an informed decision on the matters before the Oversight Board.

Agenda Item No.: 5.10

Subject: **Authorization to Execute Purchase and Sale Agreement; Disposition of Property.**
Approval for the Successor Agency to execute a purchase and sale agreement with R.Y. Properties, Inc. (“R.Y. Properties”).

Request by Successor Agency: Successor Agency requests that the Oversight Board approve and authorize the execution of purchase and sale agreement with R.Y. Properties concerning the sale and disposition of certain real property located at 17475 Gale Avenue, City of Industry (“Property”) and identified as Asset ID No. 32 in the Successor Agency’s approved long-range property management plan (“LRPMP”).

Legislative Authority of the Oversight Board:

1. *California Health and Safety Code Section 34177(e):* The Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board; provided, however that the Oversight Board may direct the Successor Agency to transfer ownership of certain assets pursuant to Section 34181(a). The disposal of the assets and properties is to be completed expeditiously and in a manner aimed at maximizing value.
2. *California Health and Safety Code Section 34177(h):* The Successor Agency must expeditiously wind down the affairs of the Former Agency in accordance with the direction of the Oversight Board.

3. *California Health and Safety Code Section 34181(a)*: The Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency; provided, however that the Oversight Board may instead direct the Successor Agency to transfer ownership of those assets constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to this construction or use of such an asset. The Successor Agency must dispose of assets and property expeditiously and in a manner aimed at maximizing value.
4. *California Health and Safety Code Section 34191.3*: The disposition authority of the Successor Agency and the Oversight Board under Sections 34177(e) and 34181(a), respectively, is suspended, except as to transfers for governmental use, until the Department of Finance has approved a long-range property management plan, at which point the long-range property management plan will govern the disposition and use of real property assets of the former redevelopment agency.

Application: The Successor Agency must dispose of assets and properties of the former redevelopment agency in accordance with the direction of the Oversight Board. (HSC Sections 34177(e), 34181(a).) Despite the Oversight Board's directive authority, Section 34191.3 suspended the power to direct the disposition of assets and properties of the former redevelopment agency, except for the transfer of governmental use assets, until the DOF approved the Successor Agency's LRPMP. Approval of the Successor Agency's LRPMP occurred on February 21, 2014, making the Oversight Board's directive authority under Section 34177(e) and Section 34181(a) operative. The LRPMP identifies the Property as a "For Sale" property.

Any disposition of property, whether governmental purpose or otherwise, must be done expeditiously and in a manner aimed at maximizing value. (HSC Sections 34177(e), 34181(a))

R.Y. Properties owns property adjacent to the Property and pursuant to the LRPMP, the Successor Agency has been working with R.Y. Properties to acquire the Property for the development of a large-scale commercial/office center. The Successor Agency retained Stephen G. White, MAI to determine the value of the Property, which value was established on September 8, 2014. White determined the fair market value of the Property to be \$5,080,000 to \$5,540,000. R.Y. Properties offered to acquire the Property for \$5,500,000.

The appraisal provides that the Property, which is located in or adjacent to the Puente Hills Auto Center, is a vacant auto dealership commercial site and has a zoning designation of Automobile Zone. The highest and best use of the Property is auto dealership or commercial development. Stephen G. White, MAI utilized the Sales Comparison Approach for determining the valuation of the Property. This method compares recent sales of reasonably similar properties to the Property considering pertinent differences such as location, size, shape, physical condition (topography), easements, existing improvements, potential or planned use, and date of sale.

We have reviewed the terms of the purchase and sale agreement. The sale of the Property is made on an “AS IS WITH ALL FAULTS” basis and includes a full release of claims. All costs related to obtaining an appraisal of the Property and all Successor Agency legal fees in connection with the purchase and sale agreement will be the sole responsibility of R.Y. Properties (capped at \$15,000). We note that R.Y. Properties will have a 90-day due diligence period, **with an outside closing date of 12 months following the expiration of the due diligence period.**

Recommendation: Based on the Department of Finance-approved LRPMP, information provided by Successor Agency staff, and the authority of the Health and Safety Code, we find the proposed approval of the purchase and sale agreement and the disposition of the Property in accordance with the terms of the purchase and sale agreement permissible and proper.

RESOLUTION NO. OB 2015-04

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE AND DISPOSITION OF CERTAIN REAL PROPERTY LOCATED AT 17475 GALE AVENUE

WHEREAS, the Successor Agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Successor Agency must dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board pursuant to California Health and Safety Code Section 34177(e); and

WHEREAS, the Oversight Board must direct the Successor Agency to dispose of all assets and properties of the former redevelopment agency pursuant to California Health and Safety Code Section 34181(a); and

WHEREAS, the Successor Agency is not permitted to dispose of any real property assets of the former redevelopment agency, except governmental use assets, until the Department of Finance (“DOF”) approves the Successor Agency’s long-range property management plan (“LRPMP”) pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, on February 21, 2014, the DOF issued an approval notice approving the Successor Agency’s LRPMP (“Determination Letter”); and

WHEREAS, upon receiving DOF approval of the LRPMP, the LRPMP shall govern and supersede all other provisions relating to the disposition and use of real property assets of the former redevelopment agency pursuant to California Health and Safety Code Section 34191.3; and

WHEREAS, the Successor Agency desires to sell certain real property located at 17475 Gale Avenue, City of Industry, identified on the LRPMP as a “for sale” property (“Property”) to R.Y. Properties, Inc., a California corporation (“Purchaser”); and

WHEREAS, the Successor Agency intends to sell the Property to Purchaser for a purchase price of \$5,500,000.00, which represents an amount equal to or greater than the current fair market value of the Property, as determined by an appraisal performed by Stephen G. White, MAI, and

WHEREAS, the sale of the Property by Successor Agency to the Purchaser in accordance with the terms of a purchase and sale agreement (the “Purchase Agreement”), a copy of which has been made available to the Oversight Board for inspection and is attached hereto as Exhibit A; and

WHEREAS, the Oversight Board has determined that the approval of the sale and disposition of the Property pursuant to the Purchase Agreement is consistent with the terms of the approved LRPMP under Health and Safety Code Section 34181(a) and 34191.3, and is consistent with the obligation of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. Approval of Purchase Agreement; Disposition of the Property. The Oversight Board hereby approves the sale and disposition of the Property in accordance with the terms of the approved LRPMP and the Purchase Agreement.

Section 2. Authorization of Successor Agency. Upon approval of this resolution (“Resolution”) by the California Department of Finance, the Oversight Board authorizes and directs the Executive Director and/or Assistant Secretary of the Successor Agency, jointly and severally, to execute and deliver the Purchase Agreement, in substantially the form made available to the Oversight Board for inspection, and any and all other documents which they may deem necessary or advisable in order to effectuate the approval of the Resolution.

Section 3. Delivery to the California Department of Finance. The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

Section 4. Other Actions. The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. Effect. This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on February 24, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

RESOLUTION NO. OB 2015-04
ATTACHMENT A
PURCHASE AGREEMENT
[ATTACHED BEHIND THIS PAGE]

PURCHASE AND SALE AGREEMENT
[17475 GALE AVENUE]

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY,
“Agency”

R.Y. PROPERTIES, INC.,
a California corporation
“Purchaser”

_____, 2015

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**PURCHASE AND SALE AGREEMENT
[17475 GALE AVENUE]**

THIS PURCHASE AND SALE AGREEMENT [17475 GALE AVENUE] (this “**Agreement**”), dated as of _____, 2015 (the “**Effective Date**”) is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the “**Agency**”), and **R.Y. PROPERTIES, INC.**, a California corporation (the “**Purchaser**”). The Agency and the Purchaser are hereinafter sometimes individually referred to as a “**party**” and collectively referred to as the “**parties**”.

RECITALS

This Agreement is entered into with reference to the following facts:

The Agency owns the fee interest in that certain real property (the “**Real Property**”) located in the City of Industry, County of Los Angeles, State of California, as more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference (such real property together with all improvements located thereon and the Appurtenances, as defined in Section 1.1.3, is referred to herein as the “**Property**”). The Purchaser wishes to acquire fee title to the Property from the Agency.

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Agency means the Successor Agency to the Industry Urban-Development Agency. The principal office of the Agency is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase and Sale Agreement.

1.1.3 Appurtenances means all of the Agency’s right, title and interest, if any, in and to the following but only to the extent assignable by law and without the prior consent of a third party and pertaining solely to the Real Property (and not any other property owned by the Agency): (a) all improvements on the Real Property as of the Close of Escrow; (b) all rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders, including, without limitation, all (i) development rights and credits, air rights, water rights, and water stock, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, and (iii) mineral, oil, gas, and other subsurface rights; (c) all plats, maps, improvement plans, engineering plans, reports and data, surveys, third party reports and studies, designs, drawings and specifications; (d) all documents pertaining to the Real Property provided to Purchaser by or on behalf of the Agency prior to the Close of Escrow; (e) all architectural, site, landscaping or other permits,

applications, approvals, authorizations, and other entitlements; (f) deposits, credits, fee credits (including without limitation water meter credits), pre-paid fees, refunds of impact or permit fees, reimbursements, rights to reimbursements and benefits of any cost sharing agreements, and school fee mitigation agreements, community facilities district and other assessment district rights, proceeds, deposits, advances, reimbursements, formation documents and benefits, and construction and design defect claim; and (g) guarantees, warranties, and utility contracts.

1.1.4 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, City of Industry, California 91744.

1.1.5 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.6 Deemed Disapproved Exceptions is defined in Section 2.5.2.

1.1.7 Default is defined in Section 3.2.

1.1.8 Deposit is defined in Section 2.2.1.

1.1.9 Disapproved Exceptions is defined in Section 2.5.2.

1.1.10 Disapproval Notice is defined in Section 2.5.2.

1.1.11 Due Diligence Period is defined in Section 2.7.

1.1.12 Escrow is defined in Section 2.3.1.

1.1.13 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com.

1.1.14 General Assignment means the General Assignment attached hereto as Exhibit "D".

1.1.15 Grant Deed is defined in Section 2.5.3.

1.1.16 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. ("CERCLA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource

Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term “**Hazardous Materials**” shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl’s; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.17 Outside Date is defined in Section 2.3.2.

1.1.18 Property is defined in the first Recital.

1.1.19 Purchase Price is defined in Section 2.1.

1.1.20 Purchaser means R.Y. Properties, Inc., a California Corporation. The principal office of the Purchaser for purposes of this Agreement is 212 South Palm Avenue, Suite 200, Alhambra, California 91801.

1.1.21 Released Parties is defined in Section 2.8.

1.1.22 Review Period is defined in Section 2.5.2.

1.1.23 Right of Entry Agreement is defined in Section 2.7.

1.1.24 Survey is defined in Section 2.5.1.

1.1.25 Title Company is defined in Section 2.5.4.

1.1.26 Title Policy is defined in Section 2.5.4.

1.1.27 Title Report is defined in Section 2.5.1.

1.1.28 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney’s fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2
PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Purchaser, and the Purchaser agrees to purchase the Property from the Agency, for the sum of Five Million Five Hundred Thousand Dollars (\$5,500,000.00) (the “**Purchase Price**”). In addition, Purchaser shall reimburse the Agency a total amount not to exceed Fifteen Thousand Dollars (\$15,000.00) for the Agency’s costs of obtaining an appraisal of the Property and the Agency’s legal costs in connection with this Agreement and the disposition of the Property under this Agreement (the “**Disposition Costs**”) and will be paid by Purchaser to Agency at the Closing through the Escrow (as hereinafter defined).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Purchaser as follows:

2.2.1 Deposit. Within five (5) business days following the opening of Escrow, Purchaser shall deposit with Escrow Holder the sum of Fifty-Five Thousand Dollars (\$55,000.00), and unless Purchaser terminates this Agreement during the Due Diligence Period under Section 2.7 below, Purchaser shall deposit with Escrow Holder an additional Two Hundred Twenty Thousand Dollars (\$220,000.00) within five (5) business days following the Due Diligence Period, all in the form of certified or bank cashier’s checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the “**Deposit**”). The Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Purchaser and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. Prior to the Close of Escrow, Purchaser shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier’s check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expense and prorations payable by Purchaser hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties’ full execution of this Agreement, the Purchaser and the Agency shall open an escrow (the “**Escrow**”) with the Escrow Holder for the transfer of the Property to the Purchaser. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. “**Close of Escrow**” or “**Closing**” means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price and Disposition Costs (less any costs, expenses and prorations payable by the Agency) to the Agency. Possession of the Property shall

be delivered to the Purchaser on the Close of Escrow. Notwithstanding anything to the contrary contained herein, the Close of Escrow shall occur within the earlier to occur of (i) thirty (30) days following the satisfaction or waiver of all of the conditions to the close of Escrow set forth in Section 2.4, or (ii) twelve (12) months following the expiration of the Due Diligence Period (the “**Outside Date**”) or this Agreement shall automatically terminate; provided, however, the Outside Date may be extended upon written consent of the Purchaser and the Executive Director of the Agency, which consent may be given or withheld in the exercise of their sole discretion. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Purchaser, then the Agency shall be entitled to the Deposit under Section 3.3.1). If the Closing does not occur due to a termination by Purchaser under Section 2.5.2, then the Deposit shall be returned to Purchaser, and Purchaser shall pay all Escrow cancellation fees (which may be deducted from the Deposit). If the Closing does not occur for any other reason, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Purchaser, and each party shall pay one half (1/2) of any Escrow cancellation charges.

2.3.3 Delivery of Closing Documents.

(a) The Agency and Purchaser agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Agency, conveying a fee simple interest in the Property to Purchaser, subject only to such exceptions to title as Purchaser may have approved or have been deemed to approve pursuant to Section 2.5.2;

(ii) Two (2) duly executed original counterparts of the General Assignment;

(iii) The Agency’s affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iv) A Certification of Non-Foreign Status signed by Agency in accordance with Internal Revenue Code Section 1445; and

(v) Such proof of the Agency’s and Purchaser’s authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

The Agency and the Purchaser further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Agency and Purchaser to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the Agency, the Purchaser shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Purchaser hereunder (including the Agency's appraisal costs).

2.4.2 For the benefit of the Agency, all actions and deliveries to be undertaken or made by Purchaser on or prior to the Close of Escrow as set forth herein shall have occurred, as reasonably determined by the Agency.

2.4.3 For the benefit of the Purchaser, all actions and deliveries to be undertaken or made by the Agency on or prior to the Close of Escrow shall have occurred, as reasonably determined by the Purchaser.

2.4.4 For the benefit of the Agency, all Agency approvals as required herein to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of the Agency, the Purchaser shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Purchaser shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of the Purchaser, the Agency shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Agency shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of the Agency, the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of the Purchaser, the representations and warranties of the Agency contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of the Purchaser, Title Company shall be irrevocably committed to issuing in favor of the Purchaser the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Purchaser, as provided in Section 2.5.2.

2.4.10 For the sole benefit of the Purchaser, (i) an environmental impact report, or other appropriate environmental review, pertaining to the improvements proposed to be constructed on the Property by the Purchaser, and as required by the California Environmental Quality Act, shall have been approved and certified by the City or Agency, as appropriate, and (ii) the City and all other governmental or quasi-governmental entities having jurisdiction thereover shall have approved the plan for development of the Property as proposed by the Purchaser. The Purchaser shall be responsible for the preparation of all documentation with respect to environmental review under the California Environmental Quality Act and all costs associated therewith (whether or not initially incurred by the City or the Agency).

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder, and Purchaser shall be entitled to the immediate refund of the Deposit.

2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, the Agency shall deliver to the Purchaser for the Purchaser's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and legible copies of any instruments noted as exceptions thereon, and (ii) any survey of the Property in the Agency's possession. The Purchaser at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and the Agency shall cooperate with the same. Any survey provided by the Agency or obtained by the Purchaser are each a "**Survey**" hereunder.

2.5.2 The Purchaser shall have until the expiration of the Due Diligence Period (the "**Review Period**") to disapprove any exceptions to title shown on the Title Report or reflected on the Survey (collectively, "**Disapproved Exceptions**") and to provide Agency with notice thereof describing the defect with reasonable particularity (the "**Disapproval Notice**"). Any exceptions to title not disapproved within the Review Period shall be deemed approved. Within five (5) days after the Agency's receipt of the Disapproval Notice, the Agency shall notify the Purchaser whether or not the Agency intends to remove the Disapproved Exceptions. The Agency shall be under no obligation to remove any Disapproved Exception, but the Agency agrees to cooperate in good faith with the Purchaser in the Purchaser's efforts to eliminate any Disapproved Exception, provided the Agency is not obligated to pay any sum or assume any liability in connection with the elimination of any such Disapproved Exception. If the Agency notifies the Purchaser that the Agency intends to eliminate any Disapproved Exception, the Agency shall do so concurrently with or prior to the Close of Escrow. If the Agency notifies the Purchaser that the Agency does not intend to eliminate any Disapproved Exception(s), the Purchaser, by notifying the Agency within five (5) days after its receipt of such notice, may elect to terminate this Agreement and receive a refund of the Deposit or take the Property subject to the Disapproved Exception(s). If Purchaser desires to terminate this Agreement, it shall be a condition of such termination that Purchaser deliver to Agency copies of all non-privileged third party due diligence reports and studies. Notwithstanding the foregoing, the Agency covenants to pay in full all loans secured by deeds of trust, any mechanics' and materialmen's liens, and any other monetary liens (other than liens for charges, assessments, taxes, and impositions subject to proration as provided in Section 2.6.2) (collectively, the "**Deemed Disapproved Exceptions**") prior to, or concurrently with, the Close of Escrow, and Escrow Holder is hereby directed to cause the same to be paid from the Purchase Price. The Title Policy shall include such endorsements as the Purchaser shall reasonably request. Any endorsements to the Title Policy are to be paid for by the Purchaser. Notwithstanding the foregoing, the Purchaser may notify the Agency of its disapproval of an exception to title (including exceptions reflected on the Survey) first raised by Title Company or the surveyor after the Review Period, or otherwise first disclosed to the Purchaser after the Review Period (collectively, the "**Additional Exceptions**")

within ten (10) days after the same was first raised or disclosed to the Purchaser in writing. With respect to Additional Exceptions disapproved by the Purchaser in such notice (which shall also be deemed Disapproved Exceptions), the Agency shall have the same option to eliminate such exceptions that applies to Disapproved Exceptions, and the Purchaser shall have the same option to accept title subject to such Additional Exceptions or to terminate this Agreement and receive a refund of the Deposit.

2.5.3 At the Close of Escrow, the Purchaser shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference (the "**Grant Deed**").

2.5.4 At Closing, the Purchaser shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), together with all endorsements requested by the Purchaser, issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring that title to the Property is free and clear of all Disapproved Exceptions, all Deemed Disapproved Exceptions and all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as the Purchaser approves in writing including those reflected in the Title Report for the Property approved by Purchaser, or as are deemed approved by Purchaser as provided in Section 2.5.2. The Purchaser may obtain an extended coverage policy of title insurance at its own cost.

2.6 Escrow and Title Charges; Prorations.

2.6.1 The Agency shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy. Purchaser shall pay the costs of (i) any Survey obtained by the Purchaser, (ii) any endorsements to the Title Policy and (iii) any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the Agency. In addition, the Purchaser and the Agency shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be pro-rated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the Agency and Purchaser shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Due Diligence Period; Access. During the period (the “**Due Diligence Period**”) commencing on the Effective Date and ending at 5:00 p.m. on the date which is ninety (90) days after the Effective Date, the Purchaser may inspect the Property as necessary to (i) approve all zoning and land use matters relating to the Property, (ii) approve the physical condition of the Property, and (iii) satisfy any due diligence requirements of the Purchaser’s lender, if any. Subject to the terms of the Right of Entry and Access Agreement in the form of which is attached hereto as Exhibit “C” (the “**Right of Entry Agreement**”), the Purchaser and its agents shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Prior to the Purchaser’s entry upon the Property, the parties shall execute the Right of Entry Agreement. The Agency shall reasonably cooperate with the Purchaser in its conduct of the due diligence review during the Due Diligence Period. In the event the Purchaser does not approve of the condition of the Property by written notice to the Agency prior to the expiration of the Due Diligence Period, this Agreement shall terminate, the Deposit shall be returned to Purchaser (including any interest earned thereon) and, except as otherwise expressly stated in this Agreement, neither party shall have any further rights or obligations to the other party.

2.8 Condition of the Property. The Property shall be conveyed from the Agency to the Purchaser on an “AS IS” condition and basis with all faults and the Purchaser agrees that the Agency has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Purchaser and anyone claiming by, through or under the Purchaser hereby waives its right to recover from and fully and irrevocably releases the Agency, the City and the Agency’s Oversight Board, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency’s, City’s or Oversight Board’s behalf (collectively, the “**Released Parties**”) from any and all claims, responsibility and/or liability that the Purchaser may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.8. This release includes claims of which the Purchaser is presently unaware or which the Purchaser does not presently suspect to exist which, if known by the Purchaser, would materially affect the Purchaser’s release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Purchaser to take such action as may be necessary to place the Property in a condition suitable for Purchaser’s intended use or uses. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR

REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE PURCHASER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE PURCHASER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BY INITIALING BELOW, PURCHASER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Purchaser's Initials



The waivers and releases by the Purchaser herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

Notwithstanding the foregoing, the waivers and releases contained in this Section 2.8 shall not apply to, nor shall the Released Parties be released from, any actual misrepresentation or act of fraud on their part.

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Purchaser for any fees, charges and costs payable by the Purchaser under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Purchaser of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the Agency for any fees, charges and costs payable by the Agency under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Purchaser of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the Agency and the Purchaser; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Purchaser in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Purchaser.

2.9.3 All communications from the Escrow Holder to the Agency or the Purchaser shall be directed to the addresses and in the manner established in Section 4.1 of this Agreement for notices, demands and communications between the Agency and the Purchaser.

2.9.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3 EVENTS OF DEFAULT, REMEDIES AND TERMINATION

3.1 Purchaser Events of Defaults. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of any applicable cure period, shall constitute a default (“**Purchaser Event of Default**”) under this Agreement:

3.1.1 Filing of a petition in bankruptcy by or against the Purchaser or appointment of a receiver or trustee of any property of the Purchaser, or an assignment by the Purchaser for the benefit of creditors, or adjudication that the Purchaser is insolvent by a court, and the failure of the Purchaser to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

3.1.2 The Purchaser’s failure to perform any requirement or obligation of Purchaser set forth herein, on or prior to the date for such performance set forth herein, and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Purchaser’s failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Purchaser’s breach; or

3.1.3 The Purchaser’s failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

3.2 Agency Events of Default. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of the applicable cure period, shall constitute a default (“**Agency Event of Default**”, and together with the Purchaser Event of Default, a “**Default**”) under this Agreement:

3.2.1 The Agency, in violation of the applicable provision of this Agreement, fails to convey the Property to Purchaser at the Close of Escrow; or

3.2.2 The Agency breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Purchaser shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

3.3 Remedies in the Event of Default.

3.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Purchaser or Agency, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party or, if Purchaser is the non-defaulting party, Purchaser as permitted by law may specifically enforce the provisions of this Agreement. If such breach or default is not cured within such ten (10) day period (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate, and if Purchaser is the non-defaulting party, Purchaser shall thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party’s rights and remedies against the defaulting party at law or equity.

IF THE PURCHASER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE PURCHASER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. THE AGENCY AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE AGENCY WOULD SUFFER UPON THE PURCHASER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE PURCHASER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE PURCHASER AND AGENCY DESIRE TO AVOID THE COSTS AND DELAYS THEY

WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE PURCHASER AND AGENCY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

Agency



Purchaser

3.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Agency, City or Oversight Board shall personally be liable to the Purchaser, or any successor in interest of the Purchaser, in the event of any Default or breach by the Agency, or for any amount which may become due to the Purchaser, or any successor in interest, on any obligation under the terms of this Agreement. No representative, employee, attorney, agent or consultant of the Purchaser shall personally be liable to the Agency, City or Oversight Board, or any successor in interest of the Agency, City or Oversight Board, in the event of any Default or breach by the Purchaser, or for any amount which may become due to the Agency, City or Oversight Board, or any successor in interest, on any obligation under the terms of this Agreement.

3.5 Legal Actions.

3.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

3.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3.5.3 Acceptance of Service of Process. If any legal action is commenced by the Purchaser against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or Secretary of the Agency, or in such other manner as may be provided by law. If any legal action is commenced by the Agency against the Purchaser, service of process on the Purchaser shall be made by personal service upon the Purchaser, or in such other manner as may be provided by law, whether made within or without the State of California.

3.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

3.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or

proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE 4 GENERAL PROVISIONS

4.1 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery, or by facsimile or email sent between 8:00 a.m. (Pacific time) and 5:00 p.m. (Pacific time) on a business day accompanied or preceded by a telephone call with the recipient alerting the recipient of the facsimile or email. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, or (d) on the day of facsimile or email transmission, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Agency: Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Kevin Radecki
Telephone: (626) 333-2211
Facsimile: (626) 961-6795
Email: kradecki@cityofindustry.org

with a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071
Attention: Jim G. Grayson
Telephone: (213) 626-8484
Facsimile: (213) 626-0078
Email: jgrayson@rwglaw.com

Purchaser: R.Y. Properties, Inc.
212 South Palm Avenue
Suite 200
Alhambra, California 91801
Attention: Kimberly Yu
Robert Yu
Telephone: (626) 282-3100
Facsimile: (626) 282-6588
Email: Kimberlyyu@earthlink.net
Robertyu212@earthlink.net

with a copy to: Thomas F. Zimmerman
Attorney at Law
1000 Dove Street
Suite 300
Newport Beach, California 92679
Telephone: (949) 340-0644
Facsimile (877) 828-0383
Email: tfz@cox.net

4.2 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

4.3 Purchaser's Warranties. The Purchaser warrants and represents to the City and the Agency as follows:

4.3.1 The Purchaser has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Purchaser, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Purchaser is a party.

4.3.2 As of the Close of Escrow, the Purchaser will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

4.3.3 The Purchaser has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

4.4 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

4.5 Time of the Essence. Time is of the essence of this Agreement.

4.6 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Agency, or the Purchaser, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

4.7 Approvals by the Agency and the Purchaser. Unless otherwise specifically provided herein, wherever this Agreement requires the Agency or the Purchaser to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

4.8 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Purchaser and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Purchaser or the Agency.

4.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.10 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

4.11 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

4.12 Representations of Agency. The Agency warrants and represents to the Purchaser as follows:

(a) The Agency has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Agency, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Agency is a party.

(b) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the Agency's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(c) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(d) The Agency has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Agency has not dealt with any broker or finder purporting to act on behalf of the Agency or otherwise.

(e) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(f) As of the Close of Escrow and to the actual knowledge of the Agency, the Agency has not received any written notice from any governmental entity, which it has not provided to the Purchaser, regarding (i) the violation of any law or governmental regulation, including, without limitation, any environmental law, with respect to the Property, or (ii) any investigation by any governmental entity with respect to whether the condition of the Property violates any environmental law.

As used in this Section 4.12, the phrase "to the actual knowledge of the Agency" shall mean the actual and current knowledge of Kevin Radecki. Kevin Radecki is primarily responsible for the management of the Property on behalf of the Agency. Kevin Radecki shall have no personal responsibility or liability with respect to the representation contained in Section 4.12(f) above.

4.13 Purchaser's Broker(s). Purchaser shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Purchaser, and shall defend, indemnify and hold Agency and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

4.14 No Third Party Beneficiaries other than City and Agency's Oversight Board. City and the Agency's Oversight Board are third party beneficiaries of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the parties, City and the Agency's Oversight Board and their successors and assigns. Except as expressly provided in this Agreement, to the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of and be enforceable by, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. No other person shall have any right of action based upon any provision of this Agreement.

4.15 Independent Consideration. Contemporaneously with the execution and delivery of this Agreement, Purchaser has delivered to Agency, and Agency hereby acknowledges the receipt of, a check in the amount of One Hundred Dollars (\$100.00) ("**Independent Consideration**"), which amount the parties bargained for and agreed to as consideration for

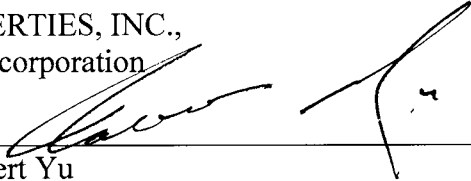
Developer's right to inspect and purchase the Property pursuant to this Agreement and for Agency's execution, delivery, and performance of this Agreement. The Independent Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is non-refundable, is fully earned, and shall be retained by Agency notwithstanding any other provision of this Agreement.

4.16 Assignment of Agreement. The Purchaser may assign its rights and obligations in whole, but not in part, under this Agreement upon giving at least ten (10) business days prior written notice to the Agency, and delivering to the Agency with such notice an executed assignment and assumption agreement under which the assignee accepts the assignment of this Agreement and agrees to be bound by all of the provisions hereof. Such assignment and assumption agreement shall also specify the address of the assignee to which notices shall be directed pursuant to Section 4.1. Agency hereby agrees to provide written acknowledgement of such executed assignment and assumption agreement within five (5) business days of Agency's receipt of such notice.

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

PURCHASER

R.Y. PROPERTIES, INC.,
a California corporation

By: 
Name: Robert Yu
Title: President

AGENCY

SUCCESSOR AGENCY TO THE INDUSTRY
URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon,
a professional corporation

By: _____
Agency Attorney

LIST OF EXHIBITS

- Exhibit "A" Legal Description of the Property
- Exhibit "B" Form of Grant Deed
- Exhibit "C" Form of Right of Entry Agreement
- Exhibit "D" Form of General Assignment

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY
(Attached.)

LEGAL DESCRIPTION

(APN 8264-001-941 & 942)
17475 Gale Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:


PARCEL 1 OF PARCEL MAP NO. 105, IN THE CITY OF INDUSTRY, COUNTY OF LOS
ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 81,
PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY.

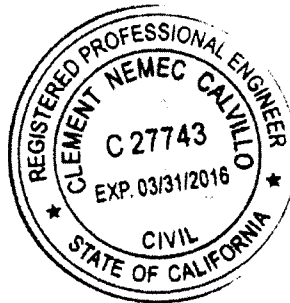
TOGETHER WITH THAT PORTION OF DEPOT STREET (60.00 FEET WIDE) AS SHOWN
ON THE MAP OF THE TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY
OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4,
PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY,
AND TOGETHER WITH THE WESTERLY 25.00 FEET OF WALNUT STREET (50.00 FEET
WIDE, FORMERLY KNOWN AS HATCHER AVENUE NOW KNOWN AS AUTO MALL
WEST) AS SHOWN ON SAID MAP OF THE TOWN OF ROWLAND, AS VACATED BY
THE CITY OF INDUSTRY RESOLUTION NO. 1050, A CERTIFIED COPY OF WHICH
WAS RECORDED DECEMBER 31, 1980 AS DOCUMENT NO. 80-1316607 OF SAID
COUNTY, THAT WOULD PASS WITH A LEGAL CONVEYANCE OF SAID PARCEL 1 OF
MAP NO. 105.

ALSO TOGETHER WITH THAT PORTION OF AUTO MALL WEST, VACATED BY THE
CITY OF INDUSTRY RESOLUTION NO. 2123, RECORDED JANUARY 19, 2006, AS
INSTRUMENT NO. 06-0133067 OF OFFICIAL RECORDS OF SAID COUNTY.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.



CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No.1011R
Checked by:  February 18, 2015



Page 2 of 2

EXHIBIT "B"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

APN:

[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]

GRANT DEED

Documentary Transfer Tax: \$ _____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the "**Grantor**"), hereby grants to **R.Y. PROPERTIES, INC.**, a California corporation (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all improvements located thereon and all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase and Sale Agreement [17475 Gale Avenue] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2015, the terms of which are incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis

listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

2. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In deeds: “The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and

paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(c) In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

3. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

4. The covenants contained in Paragraphs 1 and 2 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

5. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR:

SUCCESSOR AGENCY TO THE INDUSTRY
URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

Assistant Secretary

GRANTEE:

R.Y. PROPERTIES, INC.,
a California corporation

By: _____
Name: Robert Yu
Title: President

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Exhibit A
LEGAL DESCRIPTION
(Attached.)

LEGAL DESCRIPTION

(APN 8264-001-941 & 942)
17475 Gale Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES. DESCRIBED AS FOLLOWS:


PARCEL 1 OF PARCEL MAP NO. 105, IN THE CITY OF INDUSTRY, COUNTY OF LOS
ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 81,
PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF DEPOT STREET (60.00 FEET WIDE) AS SHOWN
ON THE MAP OF THE TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY
OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4,
PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY,
AND TOGETHER WITH THE WESTERLY 25.00 FEET OF WALNUT STREET (50.00 FEET
WIDE, FORMERLY KNOWN AS HATCHER AVENUE NOW KNOWN AS AUTO MALL
WEST) AS SHOWN ON SAID MAP OF THE TOWN OF ROWLAND, AS VACATED BY
THE CITY OF INDUSTRY RESOLUTION NO. 1050, A CERTIFIED COPY OF WHICH
WAS RECORDED DECEMBER 31, 1980 AS DOCUMENT NO. 80-1316607 OF SAID
COUNTY, THAT WOULD PASS WITH A LEGAL CONVEYANCE OF SAID PARCEL 1 OF
MAP NO. 105.

ALSO TOGETHER WITH THAT PORTION OF AUTO MALL WEST, VACATED BY THE
CITY OF INDUSTRY RESOLUTION NO. 2123, RECORDED JANUARY 19, 2006, AS
INSTRUMENT NO. 06-0133067 OF OFFICIAL RECORDS OF SAID COUNTY.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.



CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No.1011R
Checked by:  February 18, 2015

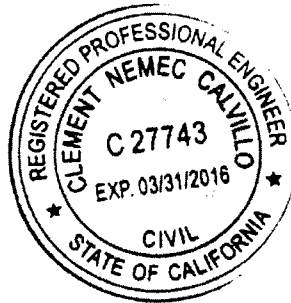
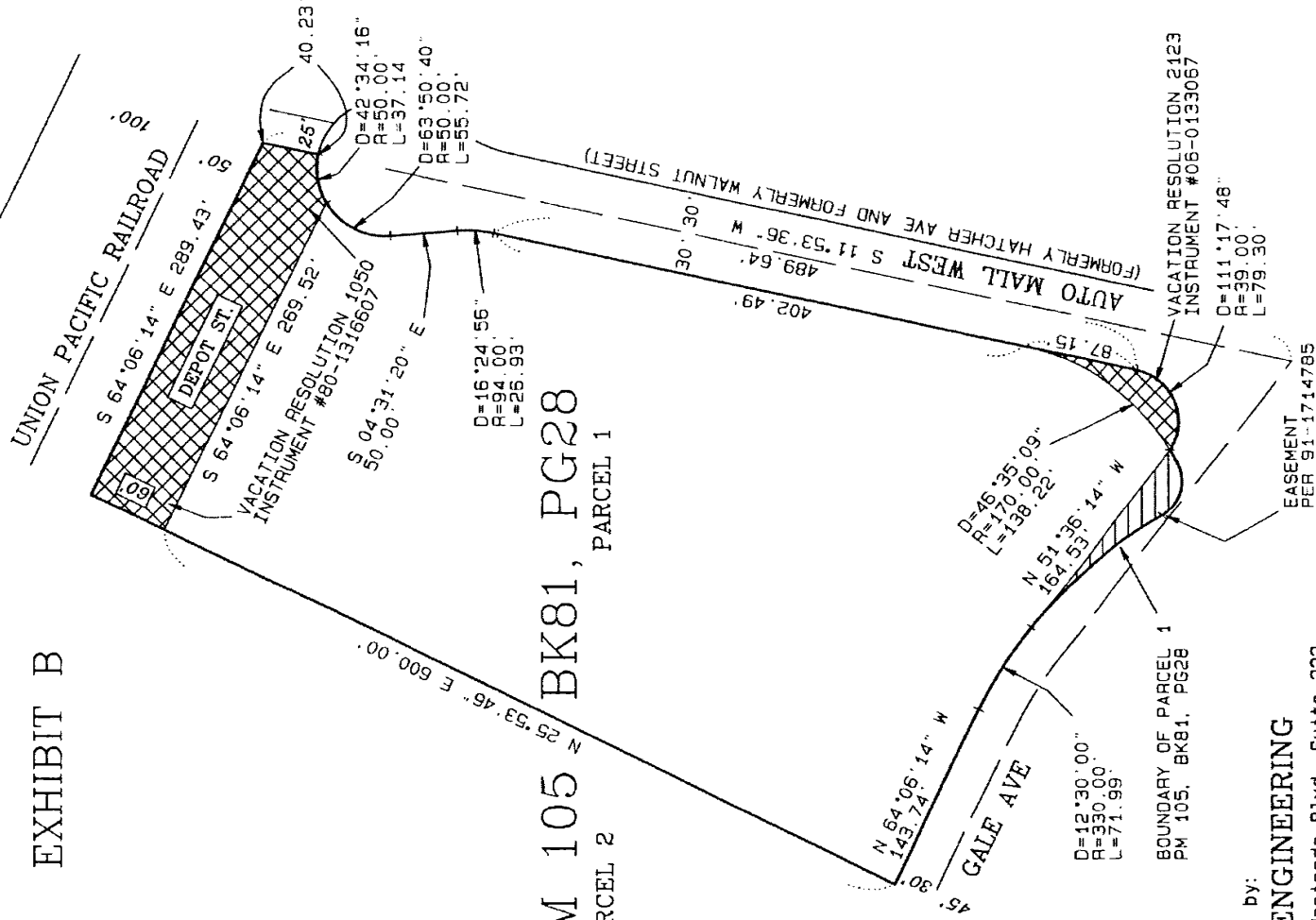




EXHIBIT B

NTS



PM 105 BK81, PG28
PARCEL 2

Prepared by:

CNC ENGINEERING

255 N. Hacienda Blvd., Suite 222
City of Industry, CA 91744
Phone (626) 333-0336
Job No. MP 12-03 #3 February 18, 2015

Legal No. 1011R
SHEET 1 OF 1

EXHIBIT "C"

RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "Agreement") is made and entered into as of _____, 2015, by the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (herein called "**Grantor**"), and **R.Y. PROPERTIES, INC.**, a California corporation (herein called "**Grantee**").

WITNESSETH:

WHEREAS, Grantor is the owner of the real property more particularly described on Exhibit A, which exhibit is attached hereto and incorporated herein by reference (herein called the "**Property**");

WHEREAS, concurrently with the execution of this Agreement, Grantor and Grantee contemplate entering into a Purchase and Sale Agreement related to the Property (the "**Purchase Agreement**");

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of undertaking tests, inspections and other due diligence activities (herein called the "**Due Diligence Activities**") in connection with the proposed acquisition by Grantee of the Property;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

(a) Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the expiration of the Due Diligence Period (as defined in the Purchase Agreement); or (ii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors, representatives and other designees (herein collectively called "**Grantee's Designees**") shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee's Designees onto the Property in connection with the Due Diligence Activities shall not materially damage the Property in any manner whatsoever or disturb or interfere with the rights or possession of any tenant on the Property, (ii) in the event the Property is materially altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to substantially the same condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, reasonable attorneys' fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee's Designees onto the Property; provided, however, that in no event shall Grantee be liable for any liabilities, damages, losses, costs or expenses of any kind or nature that relate, directly or indirectly, to (y) consequential or punitive damages; or (z) matters that are merely discovered, but not exacerbated, by Grantee. Notwithstanding any provision of this Agreement to the contrary, Grantee shall not have the right to undertake any invasive activities or tests upon the Property, or any environmental testing on the Property beyond the scope of a standard "Phase I" investigation, without the prior written consent of Grantor of a workplan for such "Phase II" or invasive testing. If Grantor does not respond or reject any workplan within ten (10) days of Grantee's delivery of the written workplan proposal to Grantor pursuant to the notice provisions of this Agreement, then Grantor shall be deemed to have approved the submitted workplan and Grantee may proceed with such testing. If Grantor rejects such proposed workplan in whole or in part, then this Agreement shall become null and void at the sole option of Grantee, which option must be exercised by Grantee's giving Grantor written notice on or before the expiration of the Due Diligence Period, as defined in the Purchase Agreement.

2. Lien Waivers. Upon receipt of a written request from Grantor, Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. Grantee hereby indemnifies Grantor from and against any claims or demands for payment, or any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

3. Insurance. Grantee shall, and shall cause all of Grantee's Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than One Million Dollars (\$1,000,000.00), and to deliver to Grantor a certificate of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

4. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

5. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

6. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or shall be sent by nationally recognized commercial courier for next business day delivery, to the addresses set forth below the respective executions of the parties hereof, or to such other addresses as are specified by written notice given in accordance herewith, or shall be transmitted by facsimile to the number for each party set forth below their respective executions hereof, or to such other numbers as are specified by written notice given in accordance herewith. All notices, demands, or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier as hereinabove provided shall be deemed given on the date of deposit with the commercial courier; and those given by facsimile shall be deemed given on the date of facsimile transmittal. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address or facsimile number of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery, on the date of facsimile transmittal, on the first calendar day after deposit with commercial courier, or on the third calendar day following deposit in the United States Mail, as the case may be.

7. Assignment. This Agreement may be assigned by Grantee, in whole or in part.

8. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

10. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, all the day and year first written above.

GRANTEE:

R.Y. PROPERTIES, INC.,
a California corporation

By: _____
Name: Robert Yu
Title: President

Address for notices: R.Y. Properties, Inc.
212 South Palm Avenue
Suite 200
Alhambra, California 91801
Attention: Kimberly Yu
Robert Yu
Telephone: (626) 282-3100
Facsimile: (626) 282-6588
Email: Kimberlyyu@earthlink.net
Robertyu212@earthlink.net

with a copy to: Thomas F. Zimmerman
Attorney at Law
1000 Dove Street
Suite 300
Newport Beach, California 92679
Telephone: (949) 340-0644
Facsimile (877) 828-0383
Email: tfz@cox.net

(Signatures continued)

GRANTOR:

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

Address for notices: Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Kevin Radecki
Telephone: (626) 333-1480
Facsimile: (626) 336-4273

With a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071
Attn.: Jim G. Grayson, Esq.
Telephone: (213) 626-8484
Facsimile: (213) 626-0078

Exhibit A
LEGAL DESCRIPTION
(Attached.)

LEGAL DESCRIPTION

(APN 8264-001-941 & 942)
17475 Gale Avenue

CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES. DESCRIBED AS FOLLOWS:


PARCEL 1 OF PARCEL MAP NO. 105, IN THE CITY OF INDUSTRY, COUNTY OF LOS
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PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF DEPOT STREET (60.00 FEET WIDE) AS SHOWN
ON THE MAP OF THE TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY
OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4,
PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY,
AND TOGETHER WITH THE WESTERLY 25.00 FEET OF WALNUT STREET (50.00 FEET
WIDE, FORMERLY KNOWN AS HATCHER AVENUE NOW KNOWN AS AUTO MALL
WEST) AS SHOWN ON SAID MAP OF THE TOWN OF ROWLAND, AS VACATED BY
THE CITY OF INDUSTRY RESOLUTION NO. 1050, A CERTIFIED COPY OF WHICH
WAS RECORDED DECEMBER 31, 1980 AS DOCUMENT NO. 80-1316607 OF SAID
COUNTY, THAT WOULD PASS WITH A LEGAL CONVEYANCE OF SAID PARCEL 1 OF
MAP NO. 105.

ALSO TOGETHER WITH THAT PORTION OF AUTO MALL WEST, VACATED BY THE
CITY OF INDUSTRY RESOLUTION NO. 2123, RECORDED JANUARY 19, 2006, AS
INSTRUMENT NO. 06-0133067 OF OFFICIAL RECORDS OF SAID COUNTY.

AND AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART OF HEREOF.



CLEMENT N. CALVILLO, RCE 27743
CNC Engineering
Job No. MP 12-03 #3 Legal No.1011R
Checked by:  February 18, 2015

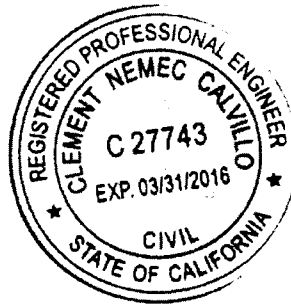
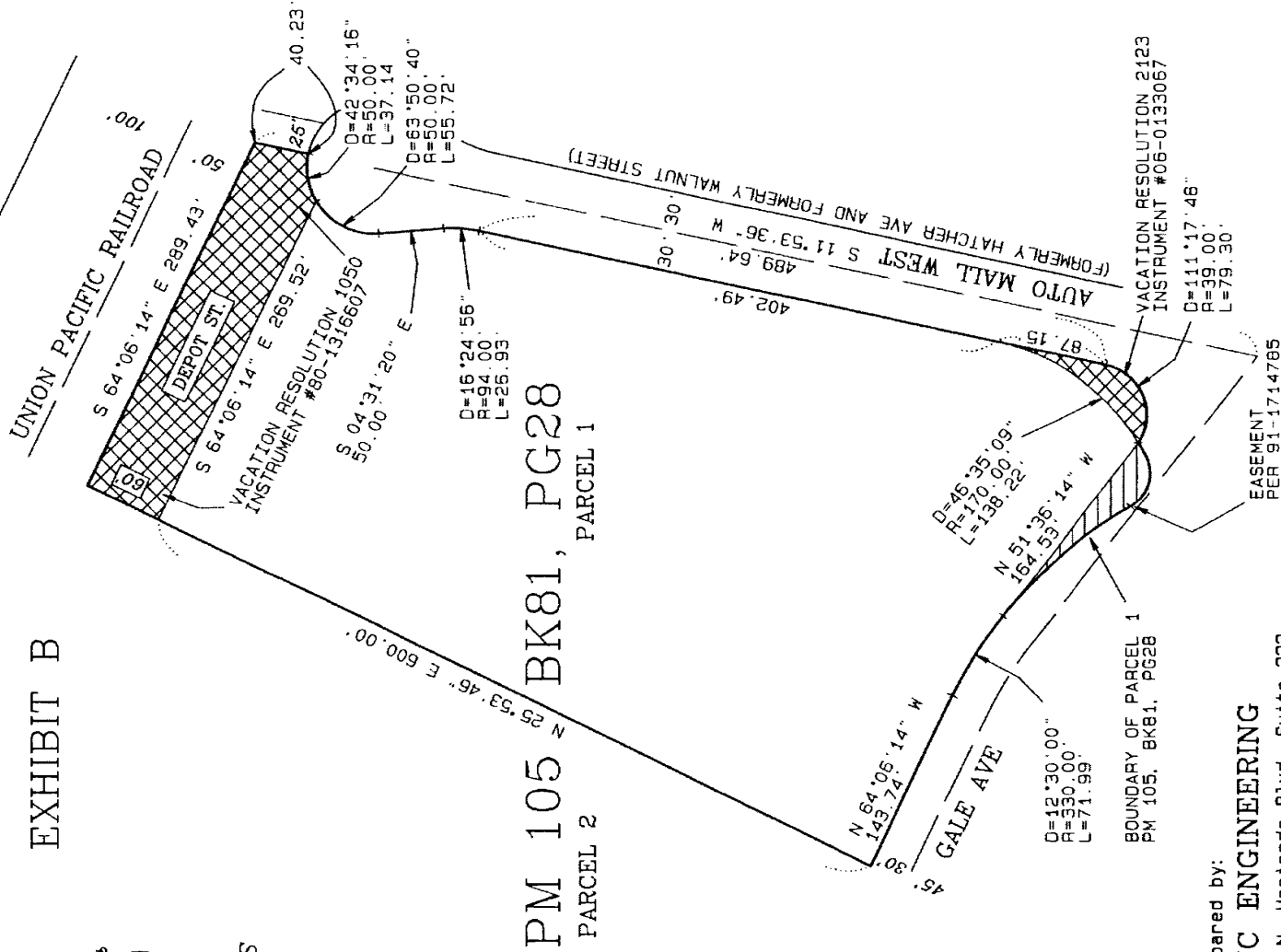




EXHIBIT B

NTS



PM 105 BK81, PG28
PARCEL 2

Prepared by:
CNC ENGINEERING
 255 N. Hacienda Blvd, Suite 222
 City of Industry, CA 91744
 Phone (626) 333-0336
 Job No. MP 12-03 #3 February 18, 2015

Legal No. 1011R
 SHEET 1 OF 1

EXHIBIT "D"

FORM OF GENERAL ASSIGNMENT

This GENERAL ASSIGNMENT ("**Assignment**") is made as of _____, 2015, between **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** ("**Assignor**"), and **R.Y. PROPERTIES, INC.**, a California corporation ("**Assignee**").

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement dated as of _____, 2015 (the "**Purchase Agreement**"), pursuant to which Assignee has agreed to purchase from Assignor, among other things, all of Assignor's right, title and interest in and to certain Real Property more particularly described therein, and to the extent assignable to Assignee, all of Assignor's right, title and interest in and to the Appurtenances (as hereinafter defined). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement. For purposes hereof, "**Appurtenances**" means all of the Assignor's right, title and interest, if any, in and to the following but only to the extent assignable by law and without the prior consent of a third party and pertaining solely to the Real Property (and not any other property owned by the Assignor): (a) all improvements on the Real Property as of the Close of Escrow; (b) all rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders, including, without limitation, all (i) development rights and credits, air rights, water rights, and water stock, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, and (iii) mineral, oil, gas, and other subsurface rights; (c) all plats, maps, improvement plans, engineering plans, reports and data, surveys, third party reports and studies, designs, drawings and specifications; (d) all documents pertaining to the Real Property provided to Assignee by or on behalf of the Assignor prior to the Close of Escrow; (e) all architectural, site, landscaping or other permits, applications, approvals, authorizations, and other entitlements; (f) deposits, credits, fee credits (including without limitation water meter credits), pre-paid fees, refunds of impact or permit fees, reimbursements, rights to reimbursements and benefits of any cost sharing agreements, and school fee mitigation agreements, community facilities district and other assessment district rights, proceeds, deposits, advances, reimbursements, formation documents and benefits, and construction and design defect claim; and (g) guarantees, warranties, and utility contracts.

B. This Assignment is made pursuant to, and is therefore subject to the terms of, the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment of Appurtenances. Assignor hereby assigns, transfers, sets over and delivers to Assignee, to the extent assignable to Assignee, all of Assignor's right, title and interest, if any, in and to the Appurtenances. Assignor makes no representation or warranty of any kind to Assignee with respect to the Appurtenances other than as may expressly be set forth in the Purchase Agreement.

2. Assumption of Obligations. By execution of this Assignment, Assignee hereby accepts the assignment made by Assignor under Section 1 hereof and hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon the holder of Assignor's position under and in the Appurtenances arising on or after the date hereof.

3. Governing Law. This Assignment shall be governed by the laws of the State of California.

4. Binding Effect. This Assignment and the provisions contained herein shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

5. Attorneys' Fees. In the event of any legal action (including, but not limited to, appellate and bankruptcy proceedings) between or with respect to Assignor and/or Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

6. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first above written.

ASSIGNOR:

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT
AGENCY

ASSIGNEE:

R.Y. PROPERTIES, INC.,
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: Robert Yu
Title: President

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.11

RESOLUTION NO. OB 2015-05

A RESOLUTION OF THE OVERSIGHT BOARD OF SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF INDUSTRY, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2015 THROUGH DECEMBER 31, 2015

WHEREAS, the successor agency to the Industry Urban-Development Agency was formed in accordance with California Health and Safety Code Section 34173 (“Successor Agency”); and

WHEREAS, the Oversight Board (“Oversight Board”) of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Successor Agency must prepare and obtain approval from the Oversight Board of a Recognized Obligation Payment Schedule (“ROPS”) for the period of July 1, 2015 through December 31, 2015, pursuant to California Health and Safety Code Section 34177(l)(1); and

WHEREAS, the Successor Agency must prepare and obtain approval from the Oversight Board for an administrative budget of the Successor Agency (“Administrative Budget”) for the period of July 1, 2015 through December 31, 2015, pursuant to California Health and Safety Code Section 34177(j); and

WHEREAS, the Successor Agency prepared a ROPS and Administrative Budget for the period of July 1, 2015 through December 31, 2015, in the forms attached hereto as Exhibit A and Exhibit B, respectively; and

WHEREAS, the Oversight Board has determined that the ROPS for the period of January 1, 2015, through June 30, 2015 and the Administrative Budget for the period of January 1, 2015, through June 30, 2015, are consistent with the requirements of the Successor Agency to wind down the affairs of the former redevelopment agency in accordance with California Health and Safety Code Sections 34177(h), 34177(j) and 34177(l); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. Approval of ROPS. The Oversight Board hereby approves the ROPS attached hereto as Exhibit A, for the period of July 1, 2015 through December 31, 2015.

Section 2. Approval of Administrative Budget. The Oversight Board hereby approves the Administrative Budget for the Successor Agency attached hereto as Exhibit B, for the period of July 1, 2015 through December 31, 2015.

Section 3. Authorization of Successor Agency. Upon approval of this resolution (“Resolution”) by the California Department of Finance, the Oversight Board authorizes and directs

the Executive Director of the Successor Agency to execute, deliver and/or acknowledge the authority granted by this Resolution, and further directs the staff of the Successor Agency to submit a copy of the approved ROPS to the Los Angeles County Auditor-Controller and the California State Controller's office and post the approved ROPS on the Successor Agency's website.

Section 4. Delivery to the California Department of Finance. The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance promptly in accordance with California Health and Safety Code Section 34179(h).

Section 5. Other Actions. The Oversight Board hereby authorizes and directs the Chairman, Vice-Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 6. Effect. This Resolution shall take effect in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on February 24, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By: _____
Santos H. Kreimann, Chairman
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

ATTEST:

Diane M. Schlichting, Secretary
Oversight Board of the Successor Agency
to the Industry Urban-Development Agency

RESOLUTION NO. OB 2015-05

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

JULY 1, 2015 THROUGH DECEMBER 31, 2015

Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary

Filed for the July 1, 2015 through December 31, 2015 Period

Name of Successor Agency: Industry City
 Name of County: Los Angeles

<u>Current Period Requested Funding for Outstanding Debt or Obligation</u>		<u>Six-Month Total</u>
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding		
A Sources (B+C+D):		\$ 21,082,100
B Bond Proceeds Funding (ROPS Detail)		7,477,000
C Reserve Balance Funding (ROPS Detail)		-
D Other Funding (ROPS Detail)		13,605,100
E Enforceable Obligations Funded with RPTTF Funding (F+G):		\$ 45,314,840
F Non-Administrative Costs (ROPS Detail)		45,314,840
G Administrative Costs (ROPS Detail)		-
H Current Period Enforceable Obligations (A+E):		\$ 66,396,940
 Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I Enforceable Obligations funded with RPTTF (E):		45,314,840
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)		-
K Adjusted Current Period RPTTF Requested Funding (I-J)		\$ 45,314,840
 County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L Enforceable Obligations funded with RPTTF (E):		45,314,840
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)		-
N Adjusted Current Period RPTTF Requested Funding (L-M)		45,314,840

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (m) of the Health and Safety code, I
 hereby certify that the above is a true and accurate Recognized
 Obligation Payment Schedule for the above named agency.

Name	Title
/s/ _____	
Signature	Date

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail
July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A Item #	B Project Name / Debt Obligation	C Obligation Type	D Contract/Agreement Execution Date	E Contract/Agreement Termination Date	F Payee	G Description/Project Scope	H Project Area	I Total Outstanding Debt or Obligation	J Retired	K, L, M, N Funding Source				O Admin	P Six-Month Total
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										K Bond Proceeds	L Reserve Balance	M Other Funds	N Non-Admin		
								\$ 1,025,189,088		\$ 7,477,000	\$ -	\$ 13,605,100	\$ 45,314,840	\$ -	\$ 66,396,940
1	2002 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	4/16/2002	5/1/2021	Trustee/Bond Holder	Bond issue to fund public	Project 1	95,282,154	N				2,127,575		\$ 2,127,575
2	2003 Tax Allocation Bonds "A"	Bonds Issued On or Before 12/31/10	12/29/2003	5/1/2021	Trustee/Bond Holder	Bond issue to fund public improvements	Project 1	42,370,200	N				1,041,750		\$ 1,041,750
3	2003 Tax Allocation Bonds "B"	Bonds Issued On or Before 12/31/10	11/1/2009	5/1/2021	Trustee/Bond Holder	Bond issue to fund public improvements	Project 1	19,147,802	N				374,744		\$ 374,744
4	2003 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	5/1/2004	6/1/2021	Trustee/Bond Holder	Bond issue to fund public improvements	Project 1	60,580,500	N				8,196,500		\$ 8,196,500
5	2007 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	6/1/2007	12/1/2021	Trustee/Bond Holder	Bond issue to fund public improvements	Project 1	15,523,200	N				1,811,000		\$ 1,811,000
6	2008 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	4/8/2008	12/1/2023	Trustee/Bond Holder	Bond issue to fund public improvements	Project 1	34,976,183	N				2,978,989		\$ 2,978,989
7	2005 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	4/20/2005	12/1/2025	Trustee/Bond Holder	Bond issue to fund public improvements	Project 1	67,697,697	N				4,706,221		\$ 4,706,221
8	2009 Sub lien Tax Alloc Note	City/County Loans On or Before 6/27/11	6/1/2009	6/1/2021	Trustee/Bond Holder	Note issue to fund public improvements	Project 1		N						\$ -
9	2008 Sub lien Tax Alloc Note	City/County Loans On or Before 6/27/11	12/1/2008	6/1/2021	Trustee/Bond Holder	Note issue to fund public improvements	Project 1		N						\$ -
10	2002 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	8/13/2002	5/1/2024	Trustee/Bond Holder	Bond issue to fund public improvements	Project 2	11,219,378	N				208,365		\$ 208,365
11	2003 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	12/30/2003	5/1/2024	Trustee/Bond Holder	Bond issue to fund public improvements	Project 2	29,856,448	N				675,973		\$ 675,973
12	2003 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	12/30/2003	12/1/2023	Trustee/Bond Holder	Bond issue to fund public improvements	Project 2	300,374,955	N				15,155,575		\$ 15,155,575
13	2005 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	4/20/2005	12/1/2025	Trustee/Bond Holder	Bond issue to fund public improvements	Project 2	16,760,551	N				1,165,218		\$ 1,165,218
14	2008 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	4/8/2008	12/1/2026	Trustee/Bond Holder	Bond issue to fund public improvements	Project 2	39,993,803	N				1,622,513		\$ 1,622,513
15	2010 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	12/1/2010	12/1/2026	Trustee/Bond Holder	Bond issue to SERAF payment	Project 2	55,322,038	N				3,200,860		\$ 3,200,860
16	2002 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	8/13/2002	5/1/2024	Trustee/Bond Holder	Bond issue to fund public improvements	Project 3	11,363,324	N				213,037		\$ 213,037
17	2003 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	12/30/2003	5/1/2024	Trustee/Bond Holder	Bond issue to fund public improvements	Project 3	33,491,426	N				758,270		\$ 758,270
18	2003 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	5/1/2024	6/1/2019	Trustee/Bond Holder	Bond issue to fund public improvements	Project 3	4,926,250	N				1,078,250		\$ 1,078,250
19	2008 Sub Tax Allocation Bond	Bonds Issued On or Before 12/31/10	12/1/2008	12/1/2026	Trustee/Bond Holder	Bond issue to fund public improvements	Project 3	25,495,000	N						\$ -
20	2009 Sub lien Tax Alloc Note	City/County Loans On or Before 6/27/11	6/1/2009	6/1/2024	Trustee/Bond Holder	Note issue to fund public improvements	Project 3		N						\$ -
21	Fiscal Agent Fees	Fees	7/1/2015	12/31/2015	US Bank	Administrative Fees	Project 1	-	N						\$ -
22	Arbitrage Fees	Fees	7/1/2015	12/31/2015	Bank of NY	Professional Services	All Projects	-	N						\$ -
23	Fiscal Agent Fees	Fees	7/1/2015	12/31/2015	US Bank	Administrative Fees	Project 2	4,000	N		4,000				\$ 4,000
24	Fiscal Agent Fees	Fees	7/1/2015	12/31/2015	Bank of NY	Administrative Fees	Project 3	-	N						\$ -
25	Fiscal Agent Fees	Fees	7/1/2015	12/31/2015	US Bank	Administrative Fees	Project 3	4,000	N		4,000				\$ 4,000
26	20 % Hacola - All Project Areas FY 2011-12	OPA/DDA/Construction	12/28/1992	6/30/2012	LA County	20 % Hacola - set aside	All Projects		N						\$ -
27	20 % Hacola - All Project Areas FY 2012-13	OPA/DDA/Construction	12/28/1992	6/30/2013	LA County	20 % Hacola - set aside	All Projects		N						\$ -
99	Landscaping Baker Slopes (MP 91-31 #61)	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering Consulting	Project 2	60,000	N		20,000				\$ 20,000
100	Landscaping Baker Slopes (MP 91-31 #61)	Professional Services	6/12/2006	12/31/2015	Environs Landscape Arch	Landscape Architect	Project 2	30,000	N		10,000				\$ 10,000
102	Landscaping Baker Slopes (MP 91-31 #61)	Improvement/Infrastructure	9/25/2013	12/31/2015	Kasa Construction, Inc.	Contractor	Project 2	-	Y						\$ -
116	Lemon Ave Int 60 (MP 03-10)	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering Consulting	Project 2	90,000	N	15,000					\$ 15,000
117	Lemon Ave Int 60 (MP 03-10)	Professional Services	8/10/2005	12/31/2015	Jacobs Civil	Engineering Consulting	Project 2	300,000	N	95,000					\$ 95,000

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A	B	C	D	E	F	G	H	I	J	K					P
										M					
										Funding Source					
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
118	Lemon Ave Int 60 (MP 03-10)	Professional Services	7/26/2005	9/26/2016	Avant-Garde	(Program Funds)	Project 2	150,000	N	42,000					\$ 42,000
120	Lemon Ave Int 60 (MP 03-10)	Improvement/Infrastructure	7/1/2015	12/31/2015	Contractor - by public bidding	Construction	Project 2	3,543,160	N	1,300,000					\$ 1,300,000
121	Lemon Ave Int 60 (MP 03-10)	Project Management Costs	7/1/2015	12/31/2015	Caltrans	Construction administration	Project 2	3,650,000	N	1,300,000					\$ 1,300,000
122	Lemon Ave Int 60 (MP 03-10)	Fees	7/1/2015	12/31/2015	County Dept Public Works	Plan check inspection	Project 2	1,000	N	500					\$ 500
123	Route 57/60 Confluence (MP99-31 #22)	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering Consulting	Project 2	170,000	N	40,000					\$ 40,000
124	Route 57/60 Confluence (MP99-31 #22)	Professional Services	11/7/2007	12/31/2015	WKE, Inc	Engineering Consulting- environmental phase	Project 2	-	Y						\$ -
126	Route 57/60 Confluence (MP99-31 #22)	Professional Services	1/13/2010	12/31/2015	Casey O'Callaghan Golf Design	Golf course architect	Project 2	40,000	N	5,000					\$ 5,000
127	Route 57/60 Confluence (MP99-31 #22)	Project Management Costs	7/1/2015	12/31/2015	Caltrans	Right of way	Project 2	4,400,000	N	300,000					\$ 300,000
128	Route 57/60 Confluence (MP99-31 #22)	Improvement/Infrastructure	7/1/2015	12/31/2015	Contractor - by public bidding	Contractor	Project 2	5,872,434	N	-					\$ -
130	Route 57/60 Confluence (MP99-31 #22)	Professional Services	7/27/2006	12/31/2020	Avant- Garde	Project Funding	Project 2	90,000	N	35,000					\$ 35,000
131	Route 57/60 Confluence (MP99-31 #22)	Miscellaneous	7/1/2015	12/31/2015	ARC Imaging Resources	Blueprints	Project 2	-	Y						\$ -
132	Route 57/60 Confluence (MP99-31 #22)	Miscellaneous	7/1/2015	12/31/2015	MX Graphics	Blueprints	Project 2	9,600	N	1,500					\$ 1,500
133	Route 57/60 Confluence (MP99-31 #22)	Professional Services	11/7/2007	12/31/2015	WKE, Inc	Engineering Consulting	Project 2	4,958,000	N	1,200,000					\$ 1,200,000
134	Route 57/60 Confluence (MP99-31 #22)	Professional Services	7/23/2008	12/31/2015	Prince Global	Federal Grant	Project 2	450,000	N	90,000					\$ 90,000
148	Diamond Bar Creek (MP 99-31 #26)	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering Consulting	Project 2	125,000	N			35,000			\$ 35,000
149	Diamond Bar Creek (MP 99-31 #26)	Professional Services	4/24/2013	4/24/2017	Thomsen Engineering	Engineering Consulting geotechnical	Project 2	184,000	N			25,000			\$ 25,000
150	Diamond Bar Creek (MP 99-31 #26)	Professional Services	4/24/2013	4/24/2017	Leighton Consulting	Engineering Consulting geotechnical	Project 2	80,000	N			15,000			\$ 15,000
151	Diamond Bar Creek (MP 99-31 #26)	Fees	6/29/2011	12/31/2015	Regional Wtr Quality Control	Permit	Project 2	20,000	N			5,000			\$ 5,000
152	Diamond Bar Creek (MP 99-31 #26)	Fees	4/5/2007	12/31/2015	Army Corps Engineers	Permit	Project 2	1,000	N			500			\$ 500
153	Diamond Bar Creek (MP 99-31 #26)	Fees	1/19/2010	12/31/2015	CA Dept Fish & Game	Permit	Project 2	10,000	N			-			\$ -
154	Diamond Bar Creek (MP 99-31 #26)	Fees	1/1/2015	12/31/2015	St Wtr Resources Cont Board	Permit - Storm water Drains	Project 2	12,000	N			5,000			\$ 5,000
155	Diamond Bar Creek (MP 99-31 #26)	Miscellaneous	1/1/2015	12/31/2015	MX Graphics	Blueprints	Project 2	6,500	N			200			\$ 200
156	Diamond Bar Creek (MP 99-31 #26)	Fees	10/13/2011	12/31/2015	Brown & Brown Ins	Bonding Insurance	Project 2	25,000	N			-			\$ -
158	Diamond Bar Creek (MP 99-31 #26)	Miscellaneous	7/1/2015	12/31/2015	San Gabriel Valley Newspaper	Advertisement for bids	Project 2	1,800	N			1,000			\$ 1,000
159	Diamond Bar Creek (MP 99-31 #26)	Fees	7/1/2015	12/31/2015	LA County Health Department	Permit for use of reclaimed water	Project 2	3,500	N			1,500			\$ 1,500
160	Diamond Bar Creek (MP 99-31 #26)	Improvement/Infrastructure	7/1/2015	12/31/2015	So Calif Edison	Modifications of facilities	Project 2	50,000	N			50,000			\$ 50,000
161	Diamond Bar Creek (MP 99-31 #26)	Improvement/Infrastructure	7/1/2015	12/31/2015	Walnut Valley Water District	Extension of water mains and new meters	Project 2	30,000	N			5,000			\$ 5,000
162	Diamond Bar Creek (MP 99-31 #26)	Fees	7/1/2015	12/31/2015	LA City Sewer Maint District	New sewer annexation fees	Project 2	20,000	N			20,000			\$ 20,000
164	Diamond Bar Creek (MP 99-31 #26)	Improvement/Infrastructure	3/24/2011	12/31/2015	Native Grow Nursery	Materials Supplier	Project 2	75,000	N			75,000			\$ 75,000
165	Diamond Bar Creek (MP 99-31 #26)	Improvement/Infrastructure	1/1/2015	12/31/2015	Contractor - by public bidding	Contractor	Project 2	1,085,921	N			300,000			\$ 300,000
166	Diamond Bar Creek (MP 99-31 #26)	Professional Services	4/24/2013	4/24/2017	Sage Environmental	Consultant for environmental clearance	Project 2	50,000	N			20,000			\$ 20,000
167	Diamond Bar Creek (MP 99-31 #26)	Professional Services	4/24/2013	4/24/2017	WKE, Inc	Engineering Consulting (Permit coordination Cal-Trans)	Project 2	56,000	N			-			\$ -

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A	B	C	D	E	F	G	H	I	J	K				P	
										M					
										N			O		
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source			Six-Month Total		
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF			
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
192	Industry Business Center (MP 99-31 #16)	Professional Services	7/18/2013	12/31/2020	The Planning Center	Consulting for EIR review and mitigation monitoring	Project 2	30,000	N			10,000			\$ 10,000
193	Industry Business Center (MP 99-31 #16)	Professional Services	7/18/2013	12/31/2020	PBLA Engineering	Consulting for Storm drain design and SWPP preparation	Project 2	380,000	N			200,000			\$ 200,000
194	Industry Business Center (MP 99-31 #16)	Professional Services	7/18/2013	12/31/2020	Leighton Consulting	Consulting for geotechnical svcs for improvements	Project 2	1,800,000	N			800,000			\$ 800,000
195	Industry Business Center (MP 99-31 #16)	Professional Services	1/1/2015	12/31/2015	Leighton Consulting	Consulting for geotechnical svcs for improvements	Project 2	315,504	N						\$ -
196	Industry Business Center (MP 99-31 #16)	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering consulting for on-site improvements	Project 2	2,000,000	N			1,200,000			\$ 1,200,000
197	Industry Business Center (MP 99-31 #16)	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering consulting for traffic mitigation	Project 2	1,262,016	N			50,000			\$ 50,000
198	Industry Business Center (MP 99-31 #16)	Professional Services	7/18/2013	12/31/2020	Thomsen Engineering	Engineering consulting	Project 2	45,000	N			20,000			\$ 20,000
199	Industry Business Center (MP 99-31 #16)	Professional Services	7/18/2013	12/31/2020	Sage Environmental	Consulting for environmental clearance	Project 2	120,000	N			40,000			\$ 40,000
200	Industry Business Center (MP 99-31 #16)	Miscellaneous	7/1/2015	12/31/2015	MX Graphics	Blueprints	Project 2	60,000	N			20,000			\$ 20,000
201	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	12/13/2011	12/31/2015	So Cal Sandbags	Replace damaged BMPS	Project 2	40,000	N			30,000			\$ 30,000
202	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	So Calif Edison	Relocation of existing transmissions & distribution facilities	Project 2	3,600,000	N			3,600,000			\$ 3,600,000
203	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	Verizon	Relocation of existing & installation of new utilities	Project 2	694,080	N			10,000			\$ 10,000
204	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	So Calif Gas Co	Relocation of existing & installation of new utilities	Project 2	1,041,420	N			50,000			\$ 50,000
205	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	Walnut Valley Water District	Relocation of existing & installation of new utilities	Project 2	16,228,200	N			100,000			\$ 100,000
206	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	Ind Public Utilities	Installation of new utility system	Project 2	11,829,600	N			100,000			\$ 100,000
207	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	Time Warner Cable	Relocation of existing facilities	Project 2		Y						\$ -
208	Industry Business Center (MP 99-31 #16)	Miscellaneous	7/1/2015	12/31/2015	San Gabriel Valley Newspaper	Advertisement for bids	Project 2	6,000	N			1,000			\$ 1,000
209	Industry Business Center (MP 99-31 #16)	Professional Services	7/1/2015	12/31/2015	First American Title Co	Title reports & subdivision guarantees	Project 2	14,000	N			5,000			\$ 5,000
210	Industry Business Center (MP 99-31 #16)	Fees	7/1/2015	12/31/2015	St Wtr Resources Cont Board	Storm water permit	Project 2	6,000	N			1,000			\$ 1,000
211	Industry Business Center (MP 99-31 #16)	Fees	7/1/2015	12/31/2015	LA County Health Department	Permits for use of reclaimed water	Project 2	4,000	N			1,500			\$ 1,500
212	Industry Business Center (MP 99-31 #16)	Fees	7/1/2015	12/31/2015	LA County Dept Public Works	Plan checks, permits, inspections of signals /markings	Project 2	85,000	N			20,000			\$ 20,000
213	Industry Business Center (MP 99-31 #16)	Fees	7/1/2015	12/31/2015	LA City Sewer Maint District	New sewer annexation fees	Project 2	240,000	N						\$ -
214	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	International Line Builders	Electrical contractor	Project 2	30,000	N			15,000			\$ 15,000
215	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	Mc Cain	Traffic signal poles & mast arms	Project 2	120,000	N			40,000			\$ 40,000
216	Industry Business Center (MP 99-31 #16)	Professional Services	7/18/2013	12/31/2020	Environs Landscape Arch	Consulting for landscaping design	Project 2	1,515,000	N			100,000			\$ 100,000
217	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	Contractor - by public bidding	Mass grading, infrastructure and landscaping	Project 2	58,675,996	N						\$ -
218	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	7/1/2015	12/31/2015	Contractor - by public bidding	Construction of intersections 1-55, 58, 59, 61-99	Project 2	10,516,800	N						\$ -
219	Industry Business Center (MP 99-31 #16)	Professional Services	7/1/2015	12/31/2015	Kimley Horn & Assoc	Traffic signal design for improvements	Project 2	175,000	N			100,000			\$ 100,000
220	Industry Business Center (MP 99-31 #16)	Professional Services	7/1/2015	12/31/2015	Kimley Horn & Assoc	Traffic signal design for traffic mitigation	Project 2	1,000,000	N			100,000			\$ 100,000

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										M					
										Funding Source					
Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF												
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
221	Industry Business Center (MP 99-31 #16)	Professional Services	12/19/2013	12/31/2020	SCS Engineers	Landfill consultant	Project 2	275,000	N			150,000			\$ 150,000
222	Industry Business Center (MP 99-31 #16)	Professional Services	7/1/2015	12/31/2015	WKE, Inc	Structural engineer	Project 2	80,000	N			20,000			\$ 20,000
223	Industry Business Center (MP 99-31 #16)	Professional Services	7/18/2013	12/31/2015	Butsko Engineering	Electrical engineer	Project 2	1,300,000	N			500,000			\$ 500,000
224	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	Professional Services	11/12/2008	12/31/2015	WKE, Inc	Engineering consulting	Project 2	50,000	N	10,000					\$ 10,000
225	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering consulting	Project 2	10,000	N	2,000					\$ 2,000
226	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	Project Management Costs	6/9/2009	3/15/2016	Caltrans	Right of way acquisition, construction, administration	Project 2	7,750,000	N	3,000,000					\$ 3,000,000
227	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	Professional Services	7/27/2006	12/31/2020	Avant-Garde	Project Funding	Project 2	100,000	N	40,000					\$ 40,000
229	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	Miscellaneous	7/1/2015	12/31/2015	MX Graphics	Blueprints	Project 2	2,200	N	1,000					\$ 1,000
230	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	Miscellaneous	7/1/2015	12/31/2015	ARC Imaging Resources	Blueprints	Project 2	-	Y						\$ -
251	Industry East Traffic Mitigation Improvements	Professional Services	6/22/2011	12/31/2015	CNC Engineering	Engineering Consultant intersection 7-9, 11-9, 21, 22, 24	Project 2	525,000	N			200,000			\$ 200,000
252	Industry East Traffic Mitigation Improvements	Professional Services	7/1/2015	12/31/2015	Geotechnical Consultant	Engineering Consultant intersection 7-9, 11-9, 21, 22, 24	Project 2	174,888	N			50,000			\$ 50,000
253	Industry East Traffic Mitigation Improvements	Professional Services	7/1/2015	12/31/2015	RKA Engineering	Engineering Consultant intersection 7-9, 11-9, 21, 22, 24	Project 2	1,500,000	N			500,000			\$ 500,000
254	Industry East Traffic Mitigation Improvements	Improvement/Infrastructure	7/1/2015	12/31/2015	Contractor - by public bidding	Engineering Consultant intersection 7-9, 11-9, 21, 22, 24	Project 2	4,199,160	N						\$ -
255	SA Employer Costs	Admin Costs	7/1/2015	12/31/2015	Reimburse City of Industry	Employee Costs, salaries, taxes, insurance, retirement	All Projects	314,000	N			314,000			\$ 314,000
256	Office/Delivery/ phone and overhead	Admin Costs	7/1/2015	12/31/2015	Various Vendor	Overhead and administrative Costs	All Projects	60,000	N			60,000			\$ 60,000
257	Property Management	Admin Costs	7/1/2015	12/31/2015	Various Vendor	Manager to oversee SA owned properties	All Projects	57,000	N			57,000			\$ 57,000
258	Legal Services	Legal	7/1/2015	12/31/2015	Various Vendor	Legal services attributable for the SA	All Projects	497,000	N			497,000			\$ 497,000
259	Accounting and consulting fees	Admin Costs	7/1/2015	12/31/2015	Various Vendor	Accounting and consulting fees for the SA	All Projects	151,000	N			151,000			\$ 151,000
260	Auditing and review services	Dissolution Audits	7/1/2015	12/31/2015	Various Vendor	Required audit and review of the SA by the State	All Projects	153,000	N			153,000			\$ 153,000
262	Property Tax	Admin Costs	7/1/2015	12/31/2015	Reimburse City of Industry	Property Tax	All Projects		N						\$ -
263	General Insurance and Bonding	Miscellaneous	7/1/2015	12/31/2015	Brown & Brown Ins	General Insurance	All Projects	119,000	N			119,000			\$ 119,000
269	City/Agency Reimbursement Agreement for Property Maintenance and other costs	Property Maintenance	7/1/2015	12/31/2015	City of Industry	Obligation created pursuant to HSC Sections 34171(b) and 34171(d)(1)(F)	All Projects	736,000	N			736,000			\$ 736,000
270	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	2/26/2014	12/31/2015	C. A. Rasmussen Inc.	Escrow deposit for IBC-0379 - Far west grading a portion of line 217		950,000	N			950,000			\$ 950,000
271	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	2/26/2014	4/30/2016	Sukut Construction, LLC	Escrow deposit for IBC-0380 East Side Mass Grading a portion of line 217		500,000	N			500,000			\$ 500,000
275	Industry East Traffic Mitigation Improvements	Improvement/Infrastructure	7/1/2015	12/31/2015	City of Diamond Bar	Traffic improvements per Industry East EIR for intersection 9		713,400	N			713,400			\$ 713,400
276	Landscaping Baker Slopes (MP 91-31 #61)	Property Maintenance	7/1/2015	12/31/2015	Marina Land Scene, INC.	Maintenance of the asset created in ROPS line items 99-110		400,000	N			125,000			\$ 125,000
277	City/Agency Reimbursement Agreement	Improvement/Infrastructure	8/27/2014	12/31/2015	City of Industry	Obligation created pursuant to HSC Sections 34178(a) and 34180(h) - Advance & reimbursement of costs for construction contracts			N						\$ -
281	Industry Business Center (MP 99-31 #16)	Improvement/Infrastructure	6/24/2015	12/31/2016	Contractor - by public bidding	Conduit work associated with line 202	Project 2	2,700,000	N			600,000			\$ 600,000
282									N						\$ -
283									N						\$ -

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail
July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Total
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
284									N						\$ -
285									N						\$ -
286									N						\$ -
287									N						\$ -
288									N						\$ -
289									N						\$ -
290									N						\$ -
291									N						\$ -
292									N						\$ -
293									N						\$ -
294									N						\$ -

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Cash Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf.

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 14-15A Actuals (07/01/14 - 12/31/14)									
1	Beginning Available Cash Balance (Actual 07/01/14)	81,940,718				16,672,906	386,194	In ROPS 14-15B we inadvertently included \$211,088 of funds held by the bond trustee in column C which should have been reported in column F. The original amount reported in column F was \$175,106 plus \$211,088 equals the \$386,194 which was used to pay for the bond payments in November and December 2014.	
2	Revenue/Income (Actual 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014	34,025			64,300	41,890,319	28,919,181	The \$41,890,319 represents- \$5,835,000 Lease Income, \$1,154,000 Note Receivable Principal and Interest, \$724,000 Other Misc. Income, \$34,139,500 is a loan from the City of Industry, and \$37,600 Investment Interest. The \$64,300 represents funds held by the bond trustee to fund future bond payments.	
3	Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	1,909,526				12,303,434	46,241,275		
4	Retention of Available Cash Balance (Actual 12/31/14) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	49,963,058			64,300	42,441,709		The \$49,963,058 represent monies held by US Bank as bond trustee. All monies held by the trustee will be used to pay bond payments and satisfy debt service requirements. The \$42,441,709 is cash at 12/31/2014 held in escrow accounts to pay for line item #'s 270 and 271 which were approved in ROPS 14-15A	
5	ROPS 14-15A RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S	No entry required						-	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 30,102,159	\$ -	\$ -	\$ -	\$ 3,818,082	\$ (16,935,900)	The \$16,935,900 debt service shortfall was paid by the City of Industry per Resolution SA 2013-10 and CC 2013-25.	
ROPS 14-15B Estimate (01/01/15 - 06/30/15)									
7	Beginning Available Cash Balance (Actual 01/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 80,065,217	\$ -	\$ -	\$ 64,300	\$ 46,259,791		There is \$42,441,709 of cash held in escrow accounts to pay for line items #'s 270 and 271 approved in ROPS 14-15A	
8	Revenue/Income (Estimate 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015					61,319,440	24,421,357	The \$61,319,440 represents \$3,430,400 in lease income, \$1,154,040 Notes Receivable Principal and Interest, \$135,000 investment interest and estimated proceed of \$56,600,000 from property sales.	
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)	4,660,335				41,679,100	37,953,771		
10	Retention of Available Cash Balance (Estimate 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	49,963,058			64,300			The \$49,963,058 represent monies held by US Bank as bond trustee. All monies held by the trustee will be used to pay bond payments and satisfy debt service requirements.	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)	\$ 25,441,824	\$ -	\$ -	\$ -	\$ 65,900,131	\$ (13,532,414)		

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Prior Period Adjustments
 Reported for the ROPS 14-15A (July 1, 2014 through December 31, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures												Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin						Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)			
		\$ 4,987,835	\$ 1,909,526	\$ -	\$ -	\$ 52,103,244	\$ 12,303,434	\$ 46,241,275	\$ 29,305,424	\$ 29,305,424	\$ 46,241,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1	2002 Tax Allocation	-	-	-	-	-	-	2,437,225	2,437,225	2,437,225	2,437,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
2	2003 Tax Allocation	-	-	-	-	-	-	1,166,963	1,166,963	1,166,963	1,166,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
3	2003 Tax Allocation Bonds "B"	-	-	-	-	-	-	415,625	415,625	415,625	415,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
4	2003 Sub Tax Allocation Bond	-	-	-	-	-	-	7,925,250	7,925,250	7,925,250	7,925,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
5	2007 Sub Tax Allocation Bond	-	-	-	-	-	-	1,760,400	1,760,400	1,760,400	1,760,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
6	2008 Sub Tax Allocation Bond	-	-	-	-	-	-	2,904,651	2,904,651	2,904,651	2,904,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
7	2005 Sub Tax Allocation Bond	-	-	-	-	-	-	4,609,661	4,609,661	4,609,661	4,609,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
8	2009 Sub lien Tax Alloc Note	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
9	2008 Sub lien Tax Alloc Note	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
10	2002 Tax Allocation Bonds	-	-	-	-	-	-	225,259	225,259	225,259	225,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
11	2003 Tax Allocation Bonds	-	-	-	-	-	-	727,260	727,260	727,260	727,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
12	2003 Sub Tax Allocation Bond	-	-	-	-	-	-	16,115,758	5,043,992	5,043,992	16,115,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- Debt service shortfall was paid by the City of Industry per Resolution SA 2013-10 and CC 2013-25.		
13	2005 Sub Tax Allocation Bond	-	-	-	-	-	-	1,138,258	-	-	1,138,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- Debt service shortfall was paid by the City of Industry per Resolution SA 2013-10 and CC 2013-25.		
14	2008 Sub Tax Allocation Bond	-	-	-	-	-	-	1,600,656	-	-	1,600,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- Debt service shortfall was paid by the City of Industry per Resolution SA 2013-10 and CC 2013-25.		
15	2010 Sub Tax Allocation Bond	-	-	-	-	-	-	3,125,171	-	-	3,125,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- Debt service shortfall was paid by the City of Industry per Resolution SA 2013-10 and CC 2013-25.		
16	2002 Tax Allocation Bonds	-	-	-	-	-	-	230,143	230,143	230,143	230,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
17	2003 Tax Allocation Bonds	-	-	-	-	-	-	815,745	815,745	815,745	815,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
18	2003 Sub Tax Allocation Bond	-	-	-	-	-	-	1,043,250	1,043,250	1,043,250	1,043,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
19	2008 Sub Tax Allocation Bond	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
20	2009 Sub lien Tax Alloc Note	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
21	Fiscal Agent Fees	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
22	Arbitrage Fees	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
23	Fiscal Agent Fees	-	-	-	-	4,000	3,630	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
24	Fiscal Agent Fees	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
25	Fiscal Agent Fees	-	-	-	-	4,000	3,630	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
26	20 % Hacola - All Project Areas FY 2011-12	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
27	20 % Hacola - All Project Areas FY 2012-13	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Prior Period Adjustments
 Reported for the ROPS 14-15A (July 1, 2014 through December 31, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)		
		\$ 4,987,835	\$ 1,909,526	\$ -	\$ -	\$ 52,103,244	\$ 12,303,434	\$ 46,241,275	\$ 29,305,424	\$ 29,305,424	\$ 46,241,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
99	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	20,000	74,102	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$3,129 is paid in January and February 2015.
100	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	15,000	14,927	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$3,000 is paid in January and February 2015.
101	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
102	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	400,000	887,670	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$555,051 paid in July 2014 which was approved in previous ROPS
107	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	500	999	-	-	-	-	-	-	-	-	-	-	-	-	
109	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
110	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
111	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
112	Landscaping Baker Slopes (MP 91-31 #61)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
116	Lemon Ave Int 60 (MP 03-10)	20,000	4,201	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$78 is paid in January and February 2015.
117	Lemon Ave Int 60 (MP 03-10)	40,000	344,425	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$203,823 is paid in January and February 2015.
118	Lemon Ave Int 60 (MP 03-10)	35,000	45,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$10,750 is paid in January and February 2015.
120	Lemon Ave Int 60 (MP 03-10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
121	Lemon Ave Int 60 (MP 03-10)	300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
122	Lemon Ave Int 60 (MP 03-10)	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
123	Route 57/60 Confluence (MP99-31 #22)	30,000	29,663	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$1,139 is paid in January and February 2015.
124	Route 57/60 Confluence (MP99-31 #22)	40,000	59,375	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	This amount includes \$23,631 is paid in January and February 2015.
125	Route 57/60 Confluence (MP99-31 #22)	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
126	Route 57/60 Confluence (MP99-31 #22)	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Prior Period Adjustments
 Reported for the ROPS 14-15A (July 1, 2014 through December 31, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)		
		\$ 4,987,835	\$ 1,909,526	\$ -	\$ -	\$ 52,103,244	\$ 12,303,434	\$ 46,241,275	\$ 29,305,424	\$ 29,305,424	\$ 46,241,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
127	Route 57/60 Confluence (MP99-31 #22)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
128	Route 57/60 Confluence (MP99-31 #22)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
129	Route 57/60 Confluence (MP99-31 #22)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
130	Route 57/60 Confluence (MP99-31 #22)	20,000	14,175	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
131	Route 57/60 Confluence (MP99-31 #22)	110	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
132	Route 57/60 Confluence (MP99-31 #22)	600	139	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
133	Route 57/60 Confluence (MP99-31 #22)	1,550,000	1,071,387	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	This amount includes \$313,776 is paid in January and February 2015.
134	Route 57/60 Confluence (MP99-31 #22)	110,000	92,369	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
148	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	40,000	18,990	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
149	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	20,000	718	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
150	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	20,000	42,200	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
151	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	5,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
152	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	500	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	This amount includes \$2,227 is paid in January and February 2015.
153	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	5,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
154	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	1,000	82	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
155	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	1,500	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
156	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
158	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
159	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	1,500	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
160	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	50,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
161	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	5,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
162	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	20,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Prior Period Adjustments
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 (Report Amounts in Whole Dollars)

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A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)		
		\$ 4,987,835	\$ 1,909,526	\$ -	\$ -	\$ 52,103,244	\$ 12,303,434	\$ 46,241,275	\$ 29,305,424	\$ 29,305,424	\$ 46,241,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
163	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
164	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	75,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
165	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
166	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	20,000	29,872	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
167	Diamond Bar Creek (MP 99-31 #26)	-	-	-	-	10,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
192	Industry Business Center (MP 99-31 #16)	-	-	-	-	40,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
193	Industry Business Center (MP 99-31 #16)	-	-	-	-	400,000	357,917	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	- This amount includes \$131,025 is paid in January and February 2015.
194	Industry Business Center (MP 99-31 #16)	-	-	-	-	600,000	284,936	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	- This amount includes \$7,449 is paid in January and February 2015.
195	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
196	Industry Business Center (MP 99-31 #16)	-	-	-	-	1,000,000	785,962	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	- This amount includes \$84,634 is paid in January and February 2015.
197	Industry Business Center (MP 99-31 #16)	-	-	-	-	40,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
198	Industry Business Center (MP 99-31 #16)	-	-	-	-	20,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
199	Industry Business Center (MP 99-31 #16)	-	-	-	-	50,000	54,966	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	- This amount includes \$16,606 is paid in January and February 2015.
200	Industry Business Center (MP 99-31 #16)	-	-	-	-	6,000	7,899	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	- This amount includes \$39 is paid in January and February 2015.
201	Industry Business Center (MP 99-31 #16)	-	-	-	-	30,000	29,894	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
202	Industry Business Center (MP 99-31 #16)	-	-	-	-	1,200,000	1,200,000	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
203	Industry Business Center (MP 99-31 #16)	-	-	-	-	500,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
204	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	
205	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	\$ -	

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A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures												Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin						Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)			
		\$ 4,987,835	\$ 1,909,526	\$ -	\$ -	\$ 52,103,244	\$ 12,303,434	\$ 46,241,275	\$ 29,305,424	\$ 29,305,424	\$ 46,241,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
206	Industry Business Center (MP 99-31 #16)	-	-	-	-	200,000	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
207	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
208	Industry Business Center (MP 99-31 #16)	-	-	-	-	2,000	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
209	Industry Business Center (MP 99-31 #16)	-	-	-	-	5,000	1,000	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
210	Industry Business Center (MP 99-31 #16)	-	-	-	-	1,000	11,232	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
211	Industry Business Center (MP 99-31 #16)	-	-	-	-	1,500	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
212	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
213	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
214	Industry Business Center (MP 99-31 #16)	-	-	-	-	15,000	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
215	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
216	Industry Business Center (MP 99-31 #16)	-	-	-	-	300,000	15,468	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	This amount includes \$5,520 is paid in January and February 2015.	
217	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
218	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
219	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
220	Industry Business Center (MP 99-31 #16)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
221	Industry Business Center (MP 99-31 #16)	-	-	-	-	100,000	65,274	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	This amount includes \$13,810 is paid in January and February 2015.
222	Industry Business Center (MP 99-31 #16)	-	-	-	-	20,000	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)		
		\$ 4,987,835	\$ 1,909,526	\$ -	\$ -	\$ 52,103,244	\$ 12,303,434	\$ 46,241,275	\$ 29,305,424	\$ 29,305,424	\$ 46,241,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
223	Industry Business Center (MP 99-31 #16)	-	-	-	-	500,000	302,254	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$144,363 is paid in January and February 2015.
224	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	160,000	184,989	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$67,013 is paid in January and February 2015.
225	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	5,000	9,509	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$796 is paid in January and February 2015.
226	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	2,500,000	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	
227	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	35,000	53,442	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$12,650 is paid in January and February 2015.
229	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	1,000	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	
230	W Bd Slip On Ramp 57/60 (MP 99-31 22a)	125	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	
251	Industry East Traffic Mitigation Improvements	-	-	-	-	250,000	19,445	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$78 is paid in January and February 2015.
252	Industry East Traffic Mitigation Improvements	-	-	-	-	50,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	
253	Industry East Traffic Mitigation Improvements	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	
254	Industry East Traffic Mitigation Improvements	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	
255	SA Employer Costs	-	-	-	-	384,000	313,298	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount was paid in January and February 2015.
256	Office/Delivery/phone and overhead	-	-	-	-	11,000	29,451	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$968 is paid in January and February 2015.
257	Property Management	-	-	-	-	52,000	56,794	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$2,423 is paid in January and February 2015.
258	Legal Services	-	-	-	-	514,000	496,021	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$108,411 is paid in January and February 2015.
259	Accounting and consulting fees	-	-	-	-	172,000	150,455	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$21,985 is paid in January and February 2015.
260	Auditing and review services	-	-	-	-	246,000	153,000	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	This amount includes \$29,210 is paid in January and February 2015.
262	Property Tax	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	
263	General Insurance and Bonding	-	-	-	-	110,000	118,748	-	-	\$ -	-	\$ -	-	-	-	-	-	-	-	

EXHIBIT B
ADMINISTRATIVE BUDGET
JULY 1, 2015 THROUGH DECEMBER 31, 2015

**Successor Agency to the Industry Urban-Development Agency
Administrative Budget July 1, 2015 through December 31, 2015**

	January 1, 2015 to June 30, 2015		
	Budget	Actual	Remaining
Salaries, Payroll Taxes, Group Medical Insurance, Cafeteria Benefits, Workers Compensation Insurance, Life Insurance, Disability Insurance and Retirement Benefits	\$ 314,000.00		\$ 314,000.00
Office/ Delivery/Phone and Overhead	60,000.00		60,000.00
Professional Fees	57,000.00		57,000.00
Annual Trustee Fees	8,000.00		8,000.00
Legal and Litigation Services	497,000.00		497,000.00
Accounting and Consulting Fees	151,000.00		151,000.00
Auditing and Consulting Fees	153,000.00		153,000.00
General Insurance and Bonding	119,000.00		119,000.00
Totals	\$ 1,359,000.00	\$ -	\$ 1,359,000.00

*OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY*

ITEM NO. 5.12

Hitchcock Commercial Properties, Inc.

Post Office Box 8610
City of Industry, CA 91748-0610

January 12, 2015

Successor Agency to the Industry
Urban-Development Agency
15625 E. Stafford Street
City of Industry CA 91744
Attn: Kevin Radecki, Executive Director

RE: Letter of Intent to Purchase 17647 Gale Avenue, city of Industry (the "Property")

Ladies and Gentlemen:

Hitchcock Commercial Properties, a California limited partnership ("Buyer") hereby submits six (6) copies of this executed, non-binding Letter of Intent to purchase the above-referenced Property from the Successor Agency to the Industry-Urban Development Agency ("Seller").

Purchase Price: Five Million Three Hundred Fifty Five thousand Dollars (\$5,355,000):
however, Buyer acknowledges that the Purchase Price shall not be less than the fair market value of the Property as determined by an appraisal prepared by a duly licensed MAI appraiser to be selected by Seller, which appraisal has not yet obtained (the "Purchase Price")

Appraisal Costs: Buyer shall reimburse Seller for Seller's appraisal costs through the escrow at the closing.

Deposits: Within five (5) business days after escrow is opened, Buyer shall deposit one percent (1%) of the Purchase Price into escrow (the "Initial Deposit") which shall be refundable (less an escrow cancellation fee) if Buyer terminates the Purchase Agreement (described below) before the end of the Due Diligence Period (defined below). If Buyer does not so terminate, Buyer shall make another deposit (the "Additional Deposit") in an amount equal to four percent (4%) of the Purchase Price. The Initial Deposit and Additional Deposit shall constitute liquidated damages payable to Seller in the event of a Buyer default and shall otherwise be applied to the Purchase Price at closing.

Due Diligence: Buyer shall have sixty (60) calendar days after the date of the Purchase Agreement (the "Due Diligence Period") to examine documents relating to the Property on the Seller's website under the link "Properties for Sale-Information and Documents Available", perform inspections and a survey and approve or disapprove the title exceptions in a title report, all at Buyer's sole cost and expense. If Buyer terminates the Purchase Agreement, Buyer shall provide copies of all due diligence reports, surveys, studies, etc. Prepared by or at the direction of Buyer, to Seller within five (5) business days after the termination.

Project; Completion Deadline: Buyer shall covenant to build the following project (the "Project") on the Property on or before 12/31/2016 (subject to force majeure Delays):
Completion of a new vehicle automobile dealership and facility
(discussion with various manufacturers underway)

Documents Delivered by Buyer: Enclosed are all of the following (i) copies of the organizational documents of Buyer; (ii) a statement as to whether Buyer intends to form a new legal entity to take title to the Property and to take an assignment of the Purchase Agreement (and if so, a description of its type, structure and state of organization (iii) reasonable evidence (such as financial statements, bank account statements, and loan letters of intent) describing the equity capital and loan(s) that Buyer will obtain in order to finance the purchase and/or construction of the Project, as well as a preliminary Project budget; (iv) an estimate of the jobs anticipated to be created by the Project after completion; (v) a detailed narrative description of the Project, with a site plan stating the approximate square footage of each building; (vi) an estimate of assessed value upon completion, with a brief explanation as to how it was calculated; and (vii) an estimate of projected annual sales tax revenue with a brief explanation as to how it was calculated.

Closing: The closing shall occur within thirty (30) days after the Due Diligence Period.

AS-IS Purchase: The Property is being sold on an "AS IS" basis, without representation or warranty, express or implied.

**Escrow Company/
Title Company:** First American Title Insurance Company.

Title & Escrow Fees: Seller will pay the premium for a CLTA title insurance policy and transfer taxes. Escrow fees shall be split 50/50. Buyer shall have the right to require an ALTA Extended Coverage Policy, but in that case Buyer shall obtain the necessary survey and pay the additional cost of the extended coverage. Buyer shall pay for all title insurance endorsements.

Brokers: Buyer must pay any commissions payable to Buyer's broker, if any. Seller has not engaged a broker.

Non-Binding Letter of Intent: This Letter of Intent shall serve only as an expression of the Buyer's interest in exploring the possibility of purchasing the Property; it shall not constitute a legally binding agreement and shall not create any rights, duties or obligations on the part, or in favor, of the Buyer or Seller. Buyer and Seller shall be legally bound with respect to the sale of the Property if, and only if, they approve, execute and deliver the Purchase Agreement.


Which is subject to the approval of the Oversight Board to the Seller and the California Department of Finance.

Purchase Agreement: Buyer agrees that the Purchase Agreement shall be in the form attached hereto as Exhibit "A".

Right of Entry Agreement: FOR IMPROVED PROPERTIES ONLY: Prior to execution of the Purchase Agreement upon Seller's selection of Buyer's proposal to acquire the Property, Seller and Buyer shall enter into a right of entry agreement in the form attached hereto as Exhibit "B" to permit preliminary inspection by Buyer of the Improvements on the Property.

PROSPECTIVE BUYER:

Hitchcock Commercial Properties a
California limited partnership
By: Hitchcock Commercial Properties Inc.
A California corporation, the general partner

By: 
Printed Name: Frederick E. Hitchcock Jr.
Title: President