



Building A Better Long Beach

April 5, 2010

REDEVELOPMENT AGENCY BOARD MEMBERS
City of Long Beach
California

RECOMMENDATION:

Adopt a resolution of the Redevelopment Agency approving the issuance and sale of North Long Beach Redevelopment Project Area tax allocation bonds in an amount not to exceed \$35,000,000 and approving related documents and actions; and

Adopt a resolution making certain findings regarding the construction of the East Police Station with funds from the North Long Beach Redevelopment Project Area. (North Long Beach – Districts 5, 8, 9)

DISCUSSION

Staff recommends that the Redevelopment Agency (Agency) authorize the issuance of up to \$35,000,000 of tax allocation bonds to be repaid from North Long Beach Redevelopment Project Area (Project Area) tax increment revenues. The total principal amount of the anticipated bond issue by the Agency is estimated to be approximately \$33 million. However, authority for a larger amount, \$35 million, is requested to cover additional bonding capacity that could result from movements in bond market interest rates between the date of Agency authorization and the date of sale of the bonds. The estimated uses of the bond proceeds include \$30 million for various projects within or of benefit to the Project Area, \$3 million to be deposited to the reserve fund for the bonds, and \$330,000 for costs of issuance of the bonds. Further details of the proposed bond issue are described in the draft Preliminary Official Statement for the bonds, attached as Exhibit A.

Staff also recommends that the Agency make certain findings regarding the East Police Station and the financing thereof with funds from the Project Area, so that a portion of the proceeds of the bonds can be used for that purpose.

Agency staff has identified a number of capital projects within or of benefit to the Project Area to be financed with proceeds of bonds, with the bonds to be repaid with tax increment revenues from the Project Area. The projects include a fire station and various street and other improvements identified in Exhibit B. It is anticipated that approximately \$2 million of Project Area tax increment revenues will be needed to pay the annual debt service on the bonds, after taking into account certain subsidy payments from the federal government related to the interest payable on the bonds as discussed below.

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Use of Bond Proceeds

New Projects

It is expected that \$30 million from the bond proceeds will be available for new capital projects within or of benefit to the North Long Beach Redevelopment Project Area. The projects to be funded by the bonds are listed in Exhibit B.

Costs of Issuance

When the bonds are issued, a debt service reserve account to be held by the bond trustee must be funded, and fees to the Agency's financial advisors and legal advisors and other costs of bond issuance must be paid. These costs of issuance will be paid from the bond proceeds, and will be in the form of an underwriter's discount on the purchase price of the bonds, and are estimated to total \$330,000.

Use of City Recovery Zone Economic Development Bonds Allocation and Financing Structure

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act allocated to various state and local governmental agencies the authority to issue Recovery Zone Economic Development Bonds (RZEDBs) and allowed for the issuance by state and local governmental agencies of Build America Bonds (BABs), in each case to finance certain capital projects. The interest paid to bond investors on the RZEDBs and on the BABs is not tax-exempt, so the interest rate on RZEDBs and on the BABs is higher than the interest rate on traditional tax-exempt municipal bonds, but the issuer of the RZEDBs or of the BABs receives a payment from the federal government, on each bond interest payment date, equal to 45 percent (in the case of RZEDBs) or 35 percent (in the case of BABs) of the interest paid on the respective bonds. Thus, subject to bond market conditions, the net amount of interest payable on any RZEDBs or on any BABs, after taking into account the federal reimbursement, may be less than would be the interest payable on a traditional tax-exempt obligation. The Recovery Act allocated \$22,235,000 of RZEDBs to the City of Long Beach (City), and allows for an unlimited amount of BABs to be issued by state and local governments in calendar years 2009 and 2010.

In order to obtain the most favorable borrowing rate for the Agency's bonds, and recognizing that the financial markets remain volatile, Agency staff has recommended that there be the flexibility to issue the bonds as RZEDBs, as BABs, as traditional tax-exempt bonds, or as a combination of any of the foregoing. In order for the bonds to be issued as RZEDBs, the City must transfer its allocation of \$22,235,000 of RZEDBs under the Recovery Act to the Agency, and the proposed allocation to the Agency has been included in a resolution to be considered by the City Council on April 20, 2010, approving the Agency's issuance of the bonds. On December 7, 2009, the Agency adopted Resolution No. RA 41-2009 declaring the entire area within the boundaries of the City as a "recovery zone" for purposes of the Recovery Act, which will allow the Agency to use proceeds of RZEDBs, if the City assigns its allocation of RZEDBs to the Agency, for any of the projects proposed to be financed with the proceeds of the bonds. The attached resolution authorizes the Agency Treasurer to determine the specific types of bonds to be issued, be they RZEDBs, BABs or tax-exempt bonds or a combination thereof, as in the best economic interests of the Agency.

REDEVELOPMENT AGENCY BOARD MEMBERS

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Joint Powers Authority; Bond Underwriter

In order for the Agency to be able to sell the bonds on a negotiated basis, relevant State of California law requires that the Long Beach Bond Finance Authority (Authority) buy the bonds from the Agency for immediate resale of the bonds to an investment-banking firm that will then sell the bonds to the public. The purchase price of the bonds to be paid by the Authority will be the same as the purchase price of the bonds to be paid by the bond underwriter, so no Authority funds will be involved in the transaction. The City's Department of Financial Management has selected the firm of Stone & Youngberg LLC from the City's list of approved investment banking firms to underwrite the sale of the bonds, following a Request For Proposals sent to all of the firms on the City's list.

Financial Security

The source of repayment of the bonds will be tax increment revenues from the Project Area. The bonds will be issued on a parity basis with the Agency's outstanding 2002 North Long Beach bonds and its 2005 North Long Beach bonds. The Agency will be solely responsible for debt service payments, and the City of Long Beach General Fund will not be obligated to contribute any revenues. The annual debt service on the bonds will be approximately \$2,000,000, taking into account the federal subsidy payments that will apply to the bonds to be issued. Following the issuance of the bonds, and taking into account the federal subsidy payments that will apply to those bonds, it is expected that total annual debt service on the 2002 bonds, the 2005 bonds and the new 2010 bonds will be approximately \$9.3 million. The federal subsidy payments will be remitted to the Agency semiannually, on each interest payment date for the bonds. The 2010-2011 tax increment revenues allocable to the North Long Beach Redevelopment Project Area, after deduction for pass-through obligations payable to other taxing agencies, amounts required by the Redevelopment Law to be used for housing purposes and pending assessment appeals, will be approximately \$20.6 million.

Findings Regarding East Police Station

California Redevelopment Law provides that a redevelopment agency may, with the consent of the city council of the city in which the redevelopment agency is located, pay for the costs of public improvements, if the city council determines all of the following:

- That the construction of such public improvements is of benefit to the redevelopment project area and the immediate neighborhood in which the project is located by helping to eliminate blight within the redevelopment project area or providing housing for low- or moderate-income persons.
- That no other reasonable means of financing the public improvements are available to the community.
- That the payment of redevelopment agency funds for the costs of the public improvements will assist in the elimination of blight and is consistent with the implementation plan adopted for the redevelopment project area.

REDEVELOPMENT AGENCY BOARD MEMBERS

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Because the Agency plans to fund the construction of public improvements with proceeds of the bonds, these findings must be made for each public improvement to be financed with bond proceeds. Attached is a second resolution making the necessary findings for the development of the East Police Station with redevelopment funds from the Project Area. The required findings for the other public improvements listed on Attachment A were previously made by the Agency in Resolution No. 15-2007 adopted on June 4, 2007, and by the City Council in Resolution No. 07-0079 adopted on June 12, 2007.

Public Review

The Agency's North Long Beach Project Area Committee reviewed the bond issue at its meetings on January 28, 2010; February 25, 2010; and March 25, 2010. The Agency held a study session on the proposed bond issue on February 1, 2010, and approved the list of projects to be funded by the bond issue on March 1, 2010.

Next Steps

After the Agency authorizes the issuance and sale of the bonds, approves the related documents and makes the necessary benefit findings for the East Police Station, the City Council will be asked to review and approve the Agency's actions, to assign its allocation of RZEDBs to the Agency, and to make findings relative to the funding of the East Police Station. Although interest rates are near historic lows, they are unpredictable and can change without notice. For these reasons, staff recommends approval of the issuance of bonds at this time, as a delay could result in the bonds being issued at a higher interest rate or not issued at all.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK
EXECUTIVE DIRECTOR

AJB:LAF:PT

Attachments: Exhibit A – Preliminary Official Statement
Exhibit B – List of Projects to be Financed
Redevelopment Agency Resolutions (2)

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2010

NEW ISSUE—BOOK-ENTRY ONLY

RATING:
S&P: "____"
See "RATING" herein.

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. However, interest on the Bond is subject to all applicable federal income taxation. See "TAX MATTERS" herein.



\$22,235,000*
**REDEVELOPMENT AGENCY OF THE
 CITY OF LONG BEACH
 TAXABLE RECOVERY ZONE ECONOMIC
 DEVELOPMENT BONDS, 2010 SERIES A
 (NORTH LONG BEACH
 REDEVELOPMENT PROJECT)**

\$_____*
**REDEVELOPMENT AGENCY OF THE
 CITY OF LONG BEACH
 TAXABLE BUILD AMERICA BONDS,
 2010 SERIES B
 (NORTH LONG BEACH
 REDEVELOPMENT PROJECT)**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

Proceeds from the sale by the Redevelopment Agency of the City of Long Beach (the "Agency") of its Taxable Recovery Zone Economic Development Bonds, 2010 Series A (North Long Beach Redevelopment Project) (the "2010 Series A Bonds") and its Taxable Build America Bonds, 2010 Series B (North Long Beach Redevelopment Project) (the "2010 Series B Bonds" and, together with the 2010 Series A Bonds, the "Bonds"), will be used to: (a) finance redevelopment activities of the Agency within or of benefit to the Agency's North Long Beach Redevelopment Project, (b) make a deposit to a reserve account for the Bonds and certain parity bonds, and (c) pay the costs of issuing the Bonds. See "FINANCING PLAN" herein.

The Bonds will be issued under and pursuant to an Indenture, dated as of May 1, 2002 (the "Original Indenture"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2005, by a Second Supplemental Indenture of Trust, dated as of February 1, 2006, and by a Third Supplemental Indenture of Trust, dated as of May 1, 2010 (the Original Indenture, as so amended and supplemented, is referred to herein as the "Indenture"), each by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds initially will be sold by the Agency to the Long Beach Bond Finance Authority (the "Authority") for concurrent resale to the Underwriter. The Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of the Tax Increment Revenues (as defined herein), and by a pledge of amounts in certain funds and accounts established under the Indenture, as further described herein. The pledge of the Tax Increment Revenues and other funds under the Indenture will be on a parity with the pledge thereof with respect to the Agency's outstanding 2002 Bonds and 2005 Bonds, and with respect to any future Parity Debt (as such capitalized terms are defined in the Indenture). See "SECURITY FOR THE BONDS—Pledge Under the Indenture" herein.

Interest on the Bonds will be payable semi-annually on each February 1 and August 1, commencing August 1, 2010. The Bonds will be issued in fully registered form without coupons and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of such beneficial interests will not receive physical certificates representing their interests in the Bonds. Payment of principal of, interest and premium, if any, on the Bonds will be made directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of the DTC Participants, as more fully described herein. See "THE BONDS—Book-Entry System" herein.

The Bonds are subject to optional and mandatory sinking account redemption prior to maturity. See "THE BONDS—Optional Redemption" and "THE BONDS—Sinking Account Redemption" herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM THE TAX INCREMENT REVENUES, AS DESCRIBED HEREIN, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS MAINTAINED UNDER THE INDENTURE, AND ARE NOT A DEBT OF THE AUTHORITY, THE CITY OF LONG BEACH, CALIFORNIA (THE "CITY"), OR THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AGENCY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), AND NONE OF THE AUTHORITY, THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AGENCY) IS LIABLE THEREFOR. THE BONDS ARE NOT PAYABLE FROM, AND ARE NOT SECURED BY, ANY FUNDS OF THE AGENCY, OTHER THAN THE TAX INCREMENT REVENUES AND OTHER MONEYS EXPRESSLY PLEDGED PURSUANT TO THE INDENTURE. NEITHER THE MEMBERS OF THE GOVERNING BOARD OF THE AGENCY NOR ANY PERSONS RESPONSIBLE FOR THE EXECUTION OF THE BONDS ARE LIABLE PERSONALLY FOR THE PAYMENT OF THE BONDS.

MATURITY SCHEDULE

(see inside cover page)

This cover page is not intended to be a summary of the Bonds or the security therefore. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain legal matters related to this offering will be passed upon for the Agency by the City Attorney of the City of Long Beach, acting as Counsel to the Agency, and by Quint & Thimmig LLP, San Francisco, California, which also is acting as Disclosure Counsel to the Agency for the Bonds. It is expected that the Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about May 19, 2010.

STONE & YOUNGBERG

The date of this Official Statement is May __, 2010.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$22,235,000*
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH
TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, 2010 SERIES A
(NORTH LONG BEACH REDEVELOPMENT PROJECT)

\$ _____ Serial Bonds
 CUSIP Prefix: _____ †

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>	<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>
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\$ _____ % Term Bonds due August 1, _____ Yield _____% CUSIP: _____ †
 \$ _____ % Term Bonds due August 1, _____ Yield _____% CUSIP: _____ †

\$ _____*
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH
TAXABLE BUILD AMERICA BONDS, 2010 SERIES B
(NORTH LONG BEACH REDEVELOPMENT PROJECT)

\$ _____ Serial Bonds
 CUSIP Prefix: _____ †

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>	<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>
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\$ _____ % Term Bonds due August 1, _____ Yield _____% CUSIP: _____ †
 \$ _____ % Term Bonds due August 1, _____ Yield _____% CUSIP: _____ †

* Preliminary, subject to change.

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REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

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Diane L. Arnold, *Vice Chair*
John Cross, *Member*
Teer L. Strickland, *Member*
John Thomas, *Member*
Vivian Tobias, *Member*
Vacant, *Member*

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Amy Bodek, *Executive Director/Redevelopment Bureau Manager*
Lisa Fall, *Assistant Executive Director/Redevelopment Administrator*
David S. Nakamoto, *Treasurer*
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The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California
Trustee

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute and constitutional provision.

The information set forth herein has been obtained from sources which are believed to be reliable but such information is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

While the Agency and the City of Long Beach maintain internet websites for various purposes, none of the information on such websites is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SECTION 3(a)(2) OF SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.

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OFFICIAL STATEMENT

\$22,235,000*
**REDEVELOPMENT AGENCY OF THE
CITY OF LONG BEACH
TAXABLE RECOVERY ZONE ECONOMIC
DEVELOPMENT BONDS, 2010 SERIES A
(NORTH LONG BEACH
REDEVELOPMENT PROJECT)**

\$ _____*
**REDEVELOPMENT AGENCY OF THE
CITY OF LONG BEACH
TAXABLE BUILD AMERICA BONDS,
2010 SERIES B
(NORTH LONG BEACH
REDEVELOPMENT PROJECT)**

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto, is to provide information regarding the issuance by the Redevelopment Agency of the City of Long Beach (the "Agency") of its Taxable Recovery Zone Economic Development Bonds, 2010 Series A (North Long Beach Redevelopment Project) (the "2010 Series A Bonds") and its Taxable Build America Bonds, 2010 Series B (North Long Beach Redevelopment Project) (the "2010 Series B Bonds" and, together with the 2010 Series A Bonds, the "Bonds"). Definitions of certain capitalized terms used in this Official Statement and not otherwise defined in the text hereof are set forth in APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

General

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement contains brief descriptions of the Bonds, the Indenture, the Agency and the Agency's North Long Beach Redevelopment Project (the "Redevelopment Project"). Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to specific documents are qualified in their entirety by reference to such documents and references to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Indenture (as defined below). Copies of the Indenture and other documents described in this Official Statement may be obtained from the Agency as described under "INTRODUCTION—Other Information."

Purpose of Issuance

Proceeds from the sale of the Bonds will be used to (a) finance redevelopment activities of the Agency within or of benefit to the North Long Beach Redevelopment Project area (the "Project Area"), which activities funded with proceeds of the 2010 Series A Bonds will promote development or other economic activity in the Long Beach Recovery Zone designated by the Agency, (b) make a deposit to the Reserve Account for the Bonds and certain parity bonds described herein in an amount necessary to increase the amount on deposit in the Reserve Account to the amount of the Reserve Requirement in effect following the issuance of the Bonds, and (c) pay the costs of issuing the Bonds. The Agency has designated the 2010 Series A Bonds as "Recovery Zone Economic Development Bonds" and the 2010 Series B

Bonds as "Build America Bonds" for purposes of the Internal Revenue Code of 1986, as amended (the "Tax Code"). See "THE BONDS—Designation of Bonds as Recovery Zone Economic Development Bonds and Build America Bonds." The Bonds initially will be sold by the Agency to the Long Beach Bond Finance Authority (the "Authority"), for concurrent resale to Stone & Youngberg LLC, the underwriter for the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "FINANCING PLAN."

The City, the Agency and the Authority

The City is located in Los Angeles County, California (the "County"), approximately 25 miles southwest of the City of Los Angeles. The City was originally incorporated in 1888, and after a short period of disincorporation, was reincorporated on December 13, 1897. Since 1907, the City has been governed as a charter city. The City operates under the council-manager form of government with a Mayor and a nine-member City Council. City Council members are nominated and elected by district to serve four-year terms, with a maximum of two such terms. The Mayor is nominated and elected by the City at large. The City Manager is appointed by and serves at the discretion of the City Council. The Bonds are not obligations of the City, and no assets or property of the City are pledged as security for the payment of the Bonds. For general information regarding the City, see APPENDIX B—GENERAL INFORMATION REGARDING THE CITY OF LONG BEACH.

In 1961, the City, acting pursuant to the Redevelopment Law, activated the Agency by an ordinance of the City Council of the City. Seven persons comprising the Agency's governing body (the "Agency Board") are appointed by the Mayor and affirmed by the City Council of the City. Although the Agency is an entity distinct from the City, the City provides staff support for the Agency pursuant to a cooperation agreement between the City and the Agency. See "THE AGENCY." The Bonds are limited obligations of the Agency, payable solely from the Tax Increment Revenues and amounts in the funds and accounts pledged therefor under the Indenture. See "SECURITY FOR THE BONDS—Limited Obligations."

The Authority was established pursuant to a Joint Exercise of Powers Agreement, dated June 26, 1997 (as amended, the "Agreement"), between the City and the Agency. The Agreement was entered into pursuant to the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. The members of the governing board of the Authority consist of the City Manager (who also serves as the Chair of the Authority), the City Treasurer and the Director of Financial Management of the City. The Authority has no independent staff and consequently is dependent upon the City's officers and employees to administer the day-to-day activities of the Authority on its behalf. The Bonds are not obligations of the Authority and no assets or property of the Authority are pledged as security for the payment of the Bonds.

The Redevelopment Project

The City Council adopted the Redevelopment Plan for the North Long Beach Redevelopment Project (the "Redevelopment Project") on July 16, 1996, pursuant to its Ordinance No. C-7412. The area that is subject to the Redevelopment Plan (the "Project Area") consists of ten noncontiguous areas totaling approximately 7,540 acres of land and 4,967 acres of water. The majority of the Project Area consists of a residential area bordered by the cities of Compton and Paramount to the north, the City of Lakewood to the east and the City of Carson to the west; and approximately one-half of the Port of Long Beach (the "Port"). See "THE PROJECT AREA—General."

The total secured and unsecured assessed valuation of taxable property in the Project Area in Fiscal Year 2009-10, based upon information obtained by the Agency's Fiscal

Consultant for the Redevelopment Project from the Los Angeles County Assessor's Office, is \$7,505,997,656, and is \$4,409,602,329 greater than the \$3,096,395,327 adjusted assessed valuation in the base year (1995-96). See "THE PROJECT AREA—Assessed Valuation." Assessed valuations in the Project Area are subject to numerous risks which could result in decreases from the assessed valuations reported for Fiscal Year 2009-10. See "BONDOWNERS' RISKS." Also see "THE PROJECT AREA" and APPENDIX D—FISCAL CONSULTANT'S REPORT.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a designated redevelopment project area. The redevelopment agency establishes the taxable valuation of a project area based on the last equalized County assessment roll before the adoption of the redevelopment plan, or base roll (the "Base Year Valuation"). Subsequently, the taxing agencies receive the taxes produced by the levy of the then-current tax rate upon the Base Year Valuation (except for any period during which the taxable valuation drops below the Base Year Valuation).

Taxes collected upon any increase in taxable valuation over the Base Year Valuation are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Twenty percent of taxes allocated to a redevelopment agency are set aside in a separate fund to develop and maintain low and moderate income housing in the city in which the redevelopment project area is located, and redevelopment agencies are required to make payments from taxes allocated to them to other Taxing Agencies. The Tax Increment Revenues pledged to secure the repayment of the Bonds do not include any of such housing funds or any amounts required to be paid to other Taxing Agencies. Redevelopment agencies themselves have no taxing power. See "SECURITY FOR THE BONDS—Tax Increment Revenues."

The Bonds

The Bonds are being issued pursuant to the Redevelopment Law, a resolution adopted by the Agency on April 5, 2010, and an Indenture of Trust, dated as of May 1, 2002 (the "Original Indenture"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2005 (the "First Supplemental Indenture"), by a Second Supplemental Indenture of Trust, dated as of February 1, 2006 (the "Second Supplemental Indenture"), and by a Third Supplemental Indenture of Trust, dated as of May 1, 2010, each by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Original Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and such Third Supplemental Indenture of Trust, is referred to in this Official Statement as the "Indenture." See "THE BONDS" and APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof. Interest on the Bonds will be payable on February 1 and August 1, commencing August 1, 2010. Principal of and interest on the Bonds will be payable by the Trustee to The Depository Trust Company ("DTC") which will be responsible for remitting such principal and interest to the DTC participants which will in turn be responsible for remitting such principal and interest to the beneficial owners of the Bonds. No physical distribution of the Bonds will be made to the public. See "THE BONDS—Book-Entry System."

Source of Payment for the Bonds; Parity Obligations

The Bonds are special obligations of the Agency and are payable from and secured by a pledge of Tax Increment Revenues and amounts in certain funds and accounts held by the Trustee under the Indenture. The term "Tax Increment Revenues" is defined in the Indenture as all taxes annually allocated and paid to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations; but excluding (a) amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law, (b) the Business Inventory Tax Subvention, and (c) amounts required by the Redevelopment Law to be paid to other taxing agencies to the extent the obligation to pay such amounts is not subordinate to the Agency's obligation to repay the Bonds. See "SECURITY FOR THE BONDS—Tax Increment Revenues."

The Agency currently has certain outstanding bonds previously issued under the Indenture that have a lien on Tax Increment Revenues and amounts in certain funds and accounts established under the Indenture on a parity with the lien securing the Bonds. Outstanding parity lien debt includes the Agency's 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project), issued on June 25, 2002 in the initial principal amount of \$40,290,000 (the "2002 Bonds"), of which \$35,971,000 is currently outstanding, and the Agency's 2005 Tax Allocation Bonds (North Long Beach Redevelopment Project), issued on March 2, 2005 in the initial principal amount of \$64,080,000 (the "2005 Bonds" and, collectively with the 2002 Bonds, the "Outstanding Parity Bonds"), of which \$59,725,000 is currently outstanding. The Outstanding Parity Bonds are pledged as security for certain outstanding revenue bonds issued by the Authority. See "SECURITY FOR THE BONDS—Parity Lien on Tax Increment Revenues."

Except with respect to the Outstanding Parity Bonds, current Tax Increment Revenues are not subject to the pledge and lien of any indebtedness of the Agency other than the Bonds and any Parity Debt hereafter issued in accordance with the Indenture, and certain other obligations which are made or are by their terms subordinate to the payment of the Bonds. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES" and "THE PROJECT AREA—Outstanding Indebtedness." Certain possible future Tax Increment Revenues that may arise from development in a portion of the Port located in the Project Area are, however, pledged to the repayment of an Agency obligation on a basis senior to the pledge thereof with respect to the Bonds and any future Parity Debt, but subordinate to the pledge thereof with respect to the Outstanding Parity Bonds. See "SECURITY FOR THE BONDS—Pledge Under the Indenture" and "THE PROJECT AREA—Outstanding Indebtedness." The Bonds are not payable from, and are not secured by, any funds of the Agency other than the Tax Increment Revenues and amounts in certain funds and accounts held by the Trustee and pledged therefore under the Indenture. See "SECURITY FOR THE BONDS."

Reserve Account

A reserve account (the "Reserve Account") has been established and is held under the Indenture in order to secure the payment of principal of and interest on the Bonds, the Outstanding Parity Bonds and any additional Parity Debt that may be issued by the Agency in the future (the Bonds, the Outstanding Parity Bonds and any such additional Parity Debt are sometimes collectively referred to in this Official Statement as the "Outstanding Agency Bonds"). On the Closing Date, a portion of the proceeds of the Bonds will be deposited to the Reserve Account in order to increase the amount on deposit therein, taking into account the

funds currently on deposit in the Reserve Account, to an amount equal to the Reserve Requirement in effect immediately following the issuance of the Bonds. Amounts in the Reserve Account are to be used and withdrawn (i) for the purpose of making transfers to the trustee for the 2002 Authority Bonds (as hereafter defined) in the event and to the extent of a delinquency in payment of the scheduled debt service on the 2002 Bonds, (ii) for the purpose of paying debt service due on the 2005 Bonds, the Bonds and any future Parity Debt to the extent amounts in the Interest Account or the Principal Account are not sufficient for that purpose, or (iii) to retire all of the Outstanding Agency Bonds.

The Indenture permits the Agency at any time to substitute a Qualified Reserve Account Credit Instrument for funds on deposit in the Reserve Account. Any such substitute Qualified Reserve Account Credit Instrument must be provided by a commercial bank or insurance company which, at the time the instrument is delivered to the Trustee, has a long term credit rating or claims paying ability, respectively, within one of the three highest rating categories of Moody's and S&P. See "SECURITY FOR THE BONDS—Reserve Account," "SECURITY FOR THE BONDS—Issuance of Parity Debt" and APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE for additional information regarding the Reserve Account.

Additional Parity Debt

The Indenture provides that in addition to the Bonds and the Outstanding Parity Bonds, the Agency may provide for the issuance of Parity Debt secured by a lien on Tax Increment Revenues on a parity with the lien under the Indenture securing the repayment of the Bonds and the Outstanding Parity Bonds, to finance or refinance redevelopment activities within or of benefit to the Redevelopment Project in such principal amount as shall be determined by the Agency. The Agency may deliver Parity Debt subject to certain specific conditions set forth in the Indenture. See "SECURITY FOR THE BONDS—Issuance of Parity Debt."

Fiscal Consultant's Report

Keyser Marston Associates, Inc., Los Angeles, California (the "Fiscal Consultant") has been retained to prepare a report (the "Fiscal Consultant's Report") in connection with the issuance of the Bonds. See APPENDIX D—FISCAL CONSULTANT'S REPORT.

Risk Factors

Prospective investors should review this Official Statement and the appendices hereto in their entirety and should consider certain risk factors associated with the purchase of the Bonds, some of which have been summarized in the section herein entitled "BONDOWNERS' RISKS."

Continuing Disclosure

The Agency will covenant in a Continuing Disclosure Agreement to prepare and deliver an annual report to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system, and to provide notice of the occurrence of certain events. See "CONTINUING DISCLOSURE" and APPENDIX F—FORM OF CONTINUING DISCLOSURE AGREEMENT.

Professionals Involved in the Offering

The proceedings of the Agency in connection with the issuance of the Bonds are subject to the approval as to their legality of Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Agency by the City Attorney of the City, acting as General Counsel to the Agency, and by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel to the Agency for the Bonds. Keyser Marston Associates, Inc., Los Angeles, California has been retained by the Agency to prepare a Fiscal Consultant's report for the Bonds. Fieldman Rolapp & Associates, Irvine, California is serving as financial advisor to the Agency for the Bonds. Payment of the fees of Quint & Thimmig LLP, and of Fieldman Rolapp & Associates, is contingent upon the sale and delivery of the Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 2000. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The Agency is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

Other Matters

There follows in this Official Statement brief descriptions of the Bonds, the security for the Bonds, the Agency, the Project Area, and certain other information relevant to the issuance of the Bonds. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally.

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof.

Other Information

Copies of the Indenture are available for inspection during business hours at the corporate trust office of the Trustee.

FINANCING PLAN

The net proceeds of the Bonds will be used to finance capital improvements within or of benefit to the Project Area. A portion of the net proceeds of the Bonds (approximately \$8,000,000) are expected to be used to pay costs of the construction of a new fire station

located near the Project Area, including an emergency resource center and related traffic and offsite improvements. The Agency awarded a contract for construction of the fire station on March 15, 2010, construction work has commenced and the facility is expected to be completed by the Summer of 2011. Bond proceeds are also expected to be used to pay a portion of the costs of the following: (i) the renovation of an existing building adjacent to the Project Area for use as a police station, (ii) improvements to Long Beach Boulevard in and near the Project Area, (iii) median improvements to various other roadways within or in the vicinity of the Project Area, (iv) planning, design and construction of a new library and community center in the vicinity of the Project Area, (v) the construction of a new 3.3 acre public park, including soccer fields, restrooms, a parking lot and other related improvements; and (vi) other capital improvements within or of benefit to the Project Area.

Projects funded with proceeds of the 2010 Series A Bonds will promote development or other economic activity in the Long Beach Recovery Zone (the area within the City limits) designated by the Agency. See "THE BONDS—Designation of Bonds as Recovery Zone Economic Development Bonds and Build America Bonds." None of the improvements financed with proceeds of the Bonds will in any way be pledged as security for the Bonds. In any event, the obligation of the Agency to use the Tax Incremental Revenues to repay the Bonds is not in any way dependent upon the completion of the any of the improvements that may be financed with proceeds of the Bonds.

In addition to the foregoing, the Agency expects to use a portion of the proceeds of the Bonds to make a deposit to the Reserve Account held by the Trustee under the Indenture in order to increase the amount in the Reserve Account to the amount of the Reserve Account Requirement in effect immediately following the issuance of the Bonds (see "SECURITY FOR THE BONDS—Reserve Account"); and to make a deposit to the Costs of Issuance Fund to be held by the Trustee under the Indenture in an amount sufficient to pay the costs of issuance of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth a summary of the estimated sources and uses of funds associated with the issuance and sale of the Bonds.

	<u>2010</u> <u>Series A Bonds</u>	<u>2010</u> <u>Series B Bonds</u>	<u>Total</u>
<u>Sources of Funds</u>			
Principal Amount of Bonds	\$	\$	\$
Less: Underwriters' Discount	_____	_____	_____
Total Sources	\$	\$	\$
<u>Uses of Funds</u>			
Deposit to Redevelopment Fund ⁽¹⁾	\$	\$	\$
Deposit to Reserve Account ⁽²⁾	_____	_____	_____
Deposit to Costs of Issuance Fund ⁽³⁾	\$	\$	\$
Total Uses	\$	\$	\$

(1) Expected to be used to pay costs of improvements within or of benefit to the Project Area. See "FINANCING PLAN."

(2) The amounts necessary, together with funds on deposit in the Reserve Account, to increase the amount on deposit in the Reserve Account to the amount of the Reserve Requirement in effect immediately following the issuance of the Bonds. See "SECURITY FOR THE BONDS—Reserve Account."

(3) To be used to pay the fees and expenses of the Trustee, the Fiscal Consultant, the Financial Advisor, Bond Counsel and Disclosure Counsel, printing expenses, rating agency fees and other costs incurred in connection with the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the scheduled annual debt service for the Bonds, assuming no redemption of the Bonds other than mandatory sinking payment redemptions.

Bond Year Ending August 1	2010 Series A Bonds		2010 Series B Bonds		Total Annual Debt Service
	Bond Principal	Bond Interest ⁽²⁾	Bond Principal	Bond Interest ⁽³⁾	
Totals	\$	\$	\$	\$	\$

(1) Indicates mandatory sinking payment installments.

(2) The Agency expects to receive a cash subsidy payment from the U.S. Treasury equal to 45% of the interest payable on the 2010 Series A Bonds. No assurance can be given that any such subsidy will be received, and any subsidy that is received by the Agency is not pledged to the payment of the Bonds. See "THE BONDS—Designation of Bonds as Recovery Zone Economic Development Bonds and Build America Bonds" below.

(3) The Agency expects to receive a cash subsidy payment from the U.S. Treasury equal to 35% of the interest payable on the 2010 Series B Bonds. No assurance can be given that any such subsidy will be received, and any subsidy that is received by the Agency is not pledged to the payment of the Bonds. See "THE BONDS—Designation of Bonds as Recovery Zone Economic Development Bonds and Build America Bonds" below.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery, and will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued as fully registered Bonds, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. The Trustee will maintain at its office books for the registration, exchange and transfer of the Bonds.

Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2010 (each, an "Interest Payment Date"), by check of the Trustee mailed on each Interest Payment Date to the registered owners whose names appear on the registration books of the Trustee as of the close of business on the fifteenth calendar day of the month preceding the applicable Interest Payment Date (each a "Record Date") or, upon the written request filed with the Trustee prior to any Record Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such owner in such written request. Principal of and premium, if any, on the Bonds is payable by check of the Trustee at maturity or redemption upon presentation and surrender thereof at the corporate trust office of the Trustee described in the Indenture (the "Trust Office").

Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the person in whose name the ownership of such Bond is registered on the Registration Books of the Trustee at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than ten days prior to such special record date.

The Bonds will bear interest from the Interest Payment Date next preceding the date of authentication by the Trustee, unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date; or (ii) a Bond is authenticated on or prior to July 15, 2010, in which event it will bear interest from the Closing Date; or (iii) if, as of the time of authentication of any Bond, interest with respect thereto is in default, interest thereon will be payable from the date to which interest has been paid in full.

The Bonds may be transferred or exchanged upon presentation and surrender at the Office of the Trustee in Los Angeles, California, provided that the Trustee will not be required to register the transfer or exchange of any Bonds during the fifteen days preceding any date established by the Trustee for the selection of the Bonds for redemption, or as to Bonds which have matured or been selected for redemption. The Trustee may require the payment by the registered owners of the Bonds requiring such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee will, under certain circumstances, replace Bonds which have been mutilated, lost, destroyed or stolen. The Trustee may require posting of an adequate surety bond, cash, or other collateral and payment of a reasonable fee to cover the expenses which may be incurred by the Trustee for each new Bond issued to replace a Bond which has been mutilated, lost, destroyed or stolen.

Book-Entry System

The Bonds will be issued as one fully registered bond without coupons for each maturity of each series of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein. **So long as Cede & Co., as the nominee of DTC, is the registered owner of all of the Bonds, references herein to the holders or owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. See APPENDIX G—"BOOK ENTRY ONLY SYSTEM."**

Designation of Bonds as Recovery Zone Economic Development Bonds and Build America Bonds

The 2010 Series A Bonds will be issued as "Recovery Zone Economic Development Bonds," and the 2010 Series B Bonds will be issued as "Direct Payment Build America Bonds," in each case for purposes of the American Recovery and Reinvestment Act of 2009, signed into law by the President of the United States on February 17, 2009 (the "Recovery Act"). In that regard, the Agency has made an irrevocable designation in the Indenture of the 2010 Series A Bonds as "Recovery Zone Economic Development Bonds" pursuant to the provisions of section 1400 U-2(b)(1)(B) of the Tax Code, and has made an irrevocable designation in the Indenture of the 2010 Series A Bonds and of the 2010 Series B Bonds as "Direct Payment Build American Bonds" pursuant to the provisions of section 54AA(g) of the Tax Code. The Agency expects to receive a cash subsidy payment from the United States Treasury pursuant to the Recovery Act on or about each Interest Payment Date equal to 45% of the interest paid by it on 2010 Series A Bonds, and 35% of the interest paid by it on the 2010 Series B Bonds.

The cash payments to be made by the United States under the Recovery Act do not constitute a full faith and credit obligation of the United States but are required to be paid by the Department of the Treasury under the current provisions of the Recovery Act if the Agency complies, and continues to comply, with the applicable requirements of the Tax Code. The cash subsidy payments if and when received by the Agency will be used by the Agency as permitted by law, and are not pledged to the payment of the debt service on the Bonds. The Agency is obligated to make all payments of principal of and interest on the Bonds whether or not it receives cash subsidy payments pursuant to the Recovery Act and the Tax Code. Neither failure by the Agency to comply with requirements of the Tax Code that must be satisfied for the Agency to receive the cash subsidy payments applicable to the Bonds, or in any event to receive any cash subsidy payments applicable to the Bonds, constitutes a default by the Agency under the Indenture.

Optional Redemption

The 2010 Series A Bonds maturing on or after August 1, _____, are subject to redemption, at the option of the Agency, any date on or after August 1, _____, as a whole, or in part among such maturities as provided in the Indenture, and by lot within a maturity, from any available source of funds at a redemption price equal to the principal amount of the 2010 Series A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The 2010 Series B Bonds maturing on or after August 1, _____, are subject to redemption, at the option of the Agency, any date on or after August 1, _____, as a whole, or in part among such maturities as provided in the Indenture, and by lot within a maturity, from any available source of funds at a redemption price equal to the principal amount of the 2010 Series B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

In the case of any optional redemption of the Bonds, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if by no later than the scheduled redemption date sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Trustee shall send written notice to the owners of the Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of the Indenture.

Sinking Account Redemption

The 2010 Series A Bonds maturing on August 1, _____ are subject to mandatory redemption in part, by lot, prior to maturity from scheduled sinking fund payments on each August 1 of the years and in the principal amounts as follows, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, without premium:

2010 Series A Bonds Maturing August 1, _____	
Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

† Final maturity.

The 2010 Series A Bonds maturing on August 1, _____ are subject to mandatory redemption in part, by lot, prior to maturity from scheduled sinking fund payments on each August 1 of the years and in the principal amounts as follows, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, without premium:

2010 Series A Bonds Maturing August 1, _____	
Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

† Final maturity.

The 2010 Series B Bonds maturing on August 1, _____ are subject to mandatory redemption in part, by lot, prior to maturity from scheduled sinking fund payments on each August 1 of the years and in the principal amounts as follows, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, without premium:

2010 Series B Bonds Maturing August 1, _____	
Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

† Final maturity.

The 2010 Series B Bonds maturing on August 1, _____ are subject to mandatory redemption in part, by lot, prior to maturity from scheduled sinking fund payments on each August 1 of the years and in the principal amounts as follows, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, without premium:

2010 Series B Bonds Maturing August 1, _____	
Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

† Final maturity.

Purchase In Lieu of Redemption

In lieu of any redemption of any 2010 Series A Bonds or 2010 Series B Bonds designated in the Indenture as 2010 Term Bonds, amounts on deposit in the Special Fund may also be used and withdrawn by the Agency at any time for the purchase of 2010 Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The principal amount of any 2010 Term Bonds of a series so purchased by the Agency in any twelve-month period ending on June 15 in any year shall be credited towards and shall reduce the principal amount of 2010 Term Bonds of such series required to be redeemed pursuant to the Indenture on August 1 in such year, upon the presentation of the respective purchased 2010 Bonds to the Trustee on or prior to June 15 in any year.

Notice of Redemption

Notice of redemption shall be mailed by the Trustee not less than thirty (30) days prior to the redemption date to the registered owners of the Bonds to be redeemed at the address of such owner shown on the Bond registration books maintained by the Trustee and to the Securities Depositories and to one or more Information Services designated in writing by the Agency to the Trustee; *provided, however*, that neither failure of any Bondowner to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or shall state that all of the Bonds Outstanding of one or more maturities of a series are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Bonds to be redeemed will not accrue from and after the date fixed for redemption.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, unless otherwise provided in the Indenture, the Agency shall determine the maturities to be redeemed by written notice to the Trustee, and the Trustee shall select the Bonds within a maturity of a series to be redeemed by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date.

SECURITY FOR THE BONDS

Limited Obligations

The Bonds and all payments required of the Agency under the Indenture are not general obligations of the Agency but are limited, special obligations of the Agency and are secured by an irrevocable pledge of, and are payable solely from, Tax Increment Revenues and funds in certain accounts maintained by the Trustee under the Indenture, as described below. The Bonds and interest thereon are not a debt of the Authority, the City, or the State or any of its political subdivisions (other than the Agency to the limited extent set forth in the Indenture), and none of the Authority, the City, or the State or any of its political subdivisions (other than the Agency to the limited extent set forth in the Indenture) is liable for payment of the Bonds. In no event shall the Bonds or the interest thereon be payable out of any funds or properties other than those of the Agency pledged therefore under the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the Members of the Governing Board of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Tax Increment Revenues

Allocation of Taxes. The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan for the project area, or base roll, is established as of the adoption of the redevelopment plan. Thereafter, except for any period during which the taxable valuation drops below the base year level, the taxing bodies receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (with the exception of taxes derived from increases in the tax rate imposed by Taxing Agencies (defined below) to support new bonded indebtedness) are allocated to the redevelopment agency and may be pledged to the repayment of any indebtedness incurred in financing or refinancing redevelopment activities. Redevelopment agencies themselves have no authority to levy or collect property taxes and must look exclusively to such allocation of taxes.

As provided in the redevelopment plan for the Project Area, and pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State of California, the County, the City, any district or other public corporation (collectively, the "Taxing Agencies"), for fiscal years beginning after the effective date of the redevelopment plan, will be divided as follows:

(1) *To Taxing Agencies:* The portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the Taxing Agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized before the establishment of the Project Area will be allocated to, and when collected will be paid into the funds of, the respective Taxing Agencies as taxes by or for those Taxing Agencies.

(2) *To the Agency:* Except as provided in (3) below, the portion of such levied taxes each year in excess of the amount referred to in (1) above will be allocated to, and when collected will be paid into a special fund of, the Agency to the extent necessary to pay indebtedness of the Agency, including but not limited to its obligation to repay the

Bonds, the Outstanding Parity Bonds and any Parity Debt that may be issued by the Agency.

(3) *To Taxing Agencies:* The portion of the taxes identified in (2) above that is attributable to a tax rate levied by a Taxing Agency for the purpose of producing revenues in an amount sufficient to make annual repayments of principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property approved by the voters of the Taxing Agency on or after January 1, 1989, will be allocated to, and when collected shall be paid into, the fund of the Taxing Agency.

Housing Set-Aside Amounts. Sections 33334.2 and 33334.3 of the Redevelopment Law require each redevelopment agency to set aside not less than 20% of all tax increment revenues allocated to the redevelopment agency in a low and moderate income housing fund (the "Low and Moderate Income Housing Fund") to be expended for authorized low and moderate income housing purposes. Amounts on deposit in the Low and Moderate Income Housing Fund may also be applied to pay debt service on bonds, loans or advances used to provide financing for such low and moderate income housing purposes. No portion of the proceeds of the Bonds is expected to be deposited in the Low and Moderate Income Housing Fund; and the Bonds and the Outstanding Parity Bonds are *not* secured by or payable from any amounts deposited in the Low and Moderate Income Housing Fund.

Tax Sharing Payments. Pursuant to the Redevelopment Law, the Agency is required to make certain payments to affected Taxing Agencies, payable from tax increment revenues allocated to the Agency. The Agency has not taken any action to subordinate its obligations to make such payments to the affected Taxing Agencies to the payment of debt service on the Bonds or the Outstanding Parity Bonds, and the Tax Increment Revenues pledged to the repayment of the Bonds and the Outstanding Parity Bonds do not include any of such amounts due to other Taxing Agencies. See "THE PROJECT AREA—Pass-Through Payments."

Possessory Interests. Of the current assessed value of the property in the Project Area, \$1,473,012,632, or twenty percent (20%) of the total assessed value, represents private property interests in publicly-owned property, such as long-term (20 years or more) leases. See Table 3 under the heading "THE PROJECT AREA—Assessed Valuation." Most of the possessory interest valuation is attributable to leasehold interests in the portion of the Port that is the Project Area, including leasehold interests of seven of the top ten largest taxpayers in the Project Area. See Table 4 under the heading "THE PROJECT AREA—Assessed Valuation." Possessory interests are periodically appraised by the County Assessor's Office, to determine their valuation, at their respective full cash value, which value tends to fluctuate more than real property values. See "THE PROJECT AREA—Possessory Interests."

Possible Limitations on Tax Increment Revenues. The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to Taxing Agencies that have the effect of reducing the property tax rate could reduce the amount of Tax Increment Revenues that would otherwise be available to pay the Agency's obligations including the principal of, premium (if any) and interest on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BONDOWNERS' RISKS" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES."

Pledge Under the Indenture

The Bonds, the Outstanding Parity Bonds and any future Parity Debt issued under the Indenture (collectively, the "Outstanding Agency Bonds") are secured by a pledge of and lien on all of the Tax Increment Revenues, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery (except that the pledge of certain possible future Tax Increment Revenues arising from development in a portion of the Port located in the Project Area is subordinate to the pledge of Tax Increment Revenues to the repayment of the Outstanding Parity Bonds, but is senior to the pledge of Tax Increment Revenues to the repayment of the Bonds and any future Parity Debt, as described in the third paragraph under the heading "THE PROJECT AREA—Outstanding Indebtedness"). The Outstanding Agency Bonds are additionally secured by a first and exclusive pledge of and lien upon all of the moneys in the Reserve Account, the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account. Except for the Tax Increment Revenues and amounts in such funds and accounts created under the Indenture, no funds or properties of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. Amounts in the Costs of Issuance Fund and the Redevelopment Fund established pursuant to the Indenture are not pledged as security for the Bonds.

The term "Tax Increment Revenues" is defined in the Indenture as all taxes annually allocated and paid to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations; but excluding (a) amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law, (b) the Business Inventory Tax Subvention, and (c) amounts required by the Redevelopment Law to be paid to other taxing agencies to the extent the obligation to pay such amounts is not subordinate to the Agency's obligation to repay the Outstanding Agency Bonds. As described above under the subheading "Tax Increment Revenues," the Tax Increment Revenues do not include any amounts required to be deposited to the Low and Moderate Income Housing Fund, or any amounts to be paid by the Agency to other Taxing Agencies.

The current Tax Increment Revenues are not subject to the pledge and lien of any indebtedness of the Agency other than the Bonds, the Outstanding Parity Bonds and any Parity Debt that may hereafter be issued in accordance with the Indenture, and certain other obligations which are made or are by their terms subordinate to the payment of the Bonds. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES" and "THE PROJECT AREA—Outstanding Indebtedness." However, the Agency has entered into an agreement with the Board of Harbor Commissioners with respect to development occurring in a portion of the Port located in the Project Area pursuant to which the Agency has pledged certain future tax increment revenues arising by reason of such development to the repayment of public improvement costs, which pledge is subordinate to the pledge of Tax Increment Revenues securing the Outstanding Parity Bonds, but is senior to the pledge of Tax Increment Revenues securing the repayment of the Bonds and any future Parity Debt. See the third paragraph under the heading "THE PROJECT AREA—Outstanding Indebtedness."

Parity Lien on Tax Increment Revenues

The Agency currently has certain outstanding bonds previously issued under the Indenture that have a lien on Tax Increment Revenues that is on a parity with the lien securing the Bonds. Outstanding parity lien debt includes the Agency's 2002 Bonds issued in the initial

principal amount of \$40,290,000, of which \$35,971,000 is currently outstanding, and the Agency's 2005 Bonds issued in the initial principal amount of \$64,080,000, of which \$59,725,000 is currently outstanding. Under the Indenture, the Agency has covenanted not to issue any additional bonds payable from Tax Increment Revenues and secured by a lien and charge on the Tax Increment Revenues equal to and on a parity with the lien and charge securing the Bonds and the Outstanding Parity Bonds unless it complies with the Parity Debt requirements of the Indenture. See "SECURITY FOR THE BONDS—Issuance of Parity Debt."

The 2002 Bonds were purchased by the Authority on the date they were issued with a portion of the proceeds of the Authority's Tax Allocation Revenue Bonds (Downtown, North Long Beach, Poly High and West Beach Redevelopment Project Areas), 2002 Series A (the "2002 Authority Bonds"), and the 2005 Bonds were purchased by the Authority on the date they were issued with a portion of the proceeds of the Authority's Revenue Bonds (Redevelopment, Housing and Gas Utility Financings), 2005 Series A-1 and 2005 Series A-2 (collectively, the "2005 Authority Bonds"). On February 1, 2006, the Authority issued its Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas), 2005 Series C (the "2006 Authority Bonds"), a portion of the proceeds of which were set aside in a purchase fund to be used to purchase \$28,130,000 principal amount of the then outstanding 2002 Bonds (the "Purchased 2002 Bonds") on August 1, 2012. Under the provisions of the indentures of trust for the 2002 Authority Bonds, the 2005 Authority Bonds and the 2006 Authority Bonds (collectively, the "Authority Bonds"), (a) until August 1, 2012, the 2002 Bonds are pledged as security for the payment of the 2002 Authority Bonds, (b) from and after August 1, 2012, the Purchased 2002 Bonds are pledged as security for the payment of the 2006 Authority Bonds and any other 2002 Bonds then outstanding will remain pledged as security for the payment of the 2002 Authority Bonds, and (c) the 2005 Bonds are pledged as security for the payment of the 2005 Authority Bonds. Each of the indentures for the Authority Bonds contains provisions that govern any optional redemption of or amendments to the applicable Outstanding Parity Bonds, as well as provisions allowing for the sale by the Authority in certain circumstances of all or a portion of the applicable Outstanding Parity Bonds.

Under the provisions of the Second Supplemental Indenture, the Agency is obligated to pay certain interest on the 2005 Bonds in amounts specified in Exhibit C to the Indenture (the "Additional 2005 Interest Amounts"), which amounts are available to be used by the Authority to pay debt service on the 2005 Authority Bonds in the event that there is a shortfall in the scheduled payment of debt service on certain other bonds of the Agency that were purchased with proceeds of the 2005 Authority Bonds. In the event that all scheduled payments on such other bonds so purchased with proceeds of the 2005 Authority Bonds are timely made in full, the trustee for the 2005 Authority Bonds will, on each August 1, remit to the Trustee for deposit in the Interest Account established under the Indenture the Additional 2005 Interest Amounts then held by the trustee for the 2005 Authority Bonds. If, however, the Agency fails to pay the full amount due on the other Agency bonds purchased with proceeds of the 2005 Authority Bonds, some or all of the Additional 2005 Interest Amounts will be used to make scheduled debt service payments on the 2005 Authority Bonds, and when and if the project area that failed to have sufficient funds to pay the respective other Agency bonds makes up the deficiency, the payments in respect of the deficiency will be used to repay the Agency in the amount of the Additional 2005 Interest Amounts used to make payments on the 2005 Authority Bonds and will be deposited to the Interest Account under the Indenture.

The annual Additional 2005 Interest Amounts vary from as much as \$595,782.40 in the Fiscal Year ending August 1, 2020, to only \$142,935.00 in the Fiscal Years that end in 2021, 2022, 2023 and 2024, with no such amounts payable in years subsequent to 2024. No assurance can be given that any Additional 2005 Interest Amounts will be remitted to the Trustee for deposit to the Interest Account, although to date all Additional 2005 Interest

Amounts paid by the Agency have been so remitted back to the Trustee, have been deposited to the Interest Account under the Indenture and have been used to pay a portion of the interest due on the outstanding Parity Bonds.

Under the provisions of the Second Supplemental Indenture and the indenture for the 2006 Authority Bonds, from and after August 1, 2012, the interest rate payable on the Purchased 2002 Bonds (\$26,983,000 of the 2002 Bonds) will be reduced from 6.105% to 5.3812645%, and the interest rate on the then other outstanding 2002 Bonds (expected to be \$11,816,000 of the 2002 Bonds) will remain at 6.105%. In addition to the foregoing, the indenture for the 2006 Authority Bonds contains provisions similar to the provisions of the indenture for the 2005 Authority Bonds in that it provides for certain payments of surplus funds (the "Additional 2006 Amounts") to the Trustee for deposit to the Interest Account under the Indenture, if the Additional 2006 Amounts are not needed to pay interest on the 2006 Authority Bonds by reason of a failure by the Agency to pay the scheduled debt service on another series of Agency bonds purchased with proceeds of the 2006 Authority Bonds. The Additional 2006 Amounts vary from \$32,652.84 on August 1, 2013, to \$48,374.22 on August 1, 2026, with the first amount potentially payable on August 1, 2013 and the last such possible payment on August 1, 2031. As with the Additional 2005 Interest Amounts, no assurance can be given that any such Additional 2006 Amounts will be remitted to the Trustee for deposit to the Interest Account.

Special Fund; Deposit of Tax Increment Revenues

There has been established by the Indenture a special fund known as the "Special Fund," which is held by the Agency. Under the Indenture, the Agency has covenanted to deposit all of the Tax Increment Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time (if any) during such Bond Year as the amount on deposit in the Special Fund equals the aggregate amounts required to be transferred to the Trustee pursuant to the Special Fund and Debt Service Fund provisions of the Indenture for such Bond Year. So long as any Bonds are outstanding, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Parity Debt Instruments that may be executed in connection with the issuance of Parity Debt.

On or before the fifth Business Day immediately preceding any Interest Payment Date, the Indenture provides that the Agency withdraw from the Special Fund and deposit with the Trustee the amount of money necessary to make the deposits described under the subheadings "Interest Account," "Principal Account," "Sinking Account," "Reserve Account," and "Redemption Account" under the subheading "Debt Service Fund" below. All Tax Increment Revenues received by the Agency at any time during any Bond Year in excess of the amount required to be transferred to the Trustee during such Bond Year as described in the preceding sentence are released from the pledge and lien under the Indenture and the Agency may use such excess Tax Increment Revenues for any lawful purpose of the Agency.

Debt Service Fund

There is established under the Indenture a fund known as the "Debt Service Fund," to be held by the Trustee. All moneys in the Debt Service Fund are required to be set aside by the Trustee in the following respective special accounts within the Debt Service Fund (each of which is created under the Indenture and each of which the Trustee agrees in the Indenture to cause to be maintained), in the following order of priority: (i) Interest Account; (ii) Principal Account; (iii) Sinking Account; (iv) Reserve Account; and (v) Redemption Account. All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the Indenture and described below.

So long as any Bonds are outstanding, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Debt Service Fund, except as may be provided in the Indenture.

Interest Account. Five (5) days before each date on which interest on the Bonds becomes due and payable, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Bonds, the Outstanding Parity Bonds and on any Parity Debt theretofore issued (collectively, the "Outstanding Agency Bonds") on such date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Agency Bonds as it shall become due and payable (including accrued interest on any Outstanding Agency Bonds purchased or redeemed prior to maturity pursuant to the Indenture). In addition to the deposits and transfers referred to above, the Trustee shall deposit to the Interest Account (i) any amount received by it from the trustee for the 2005 Authority Bonds or the 2006 Authority Bonds as described under the heading "SECURITY FOR THE BONDS—Parity Lien on Tax Increment Revenues" above, and (ii) amounts transferred from the Reserve Account that are in excess of the then Reserve Requirement as described under the heading "SECURITY FOR THE BONDS—Reserve Account" below.

Principal Account. Five (5) days before each date on which principal of the Outstanding Agency Bonds becomes due and payable at maturity, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Agency Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Agency Bonds upon the maturity thereof.

Sinking Account. Five (5) days before each date on which any Outstanding Agency Bonds that are Term Bonds become subject to mandatory sinking account redemption, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Outstanding Agency Bonds that are Term Bonds subject to mandatory sinking account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Outstanding Agency Bonds that are Term Bonds as it shall become due and payable upon the mandatory sinking account redemption thereof.

Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee (to the extent known to it) shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee from the Special Fund an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee (i) for the purpose of making transfers to the trustee for the 2002 Authority Bonds (and the Agency shall receive a credit for debt service due on the 2002 Bonds in the amount of any transfer so made) to the extent the Agency has failed to pay the principal and interest then due on the 2002 Bonds in full, (ii) for the purpose of paying debt service due on any other Outstanding Agency Bonds to the extent that amounts in the Interest Account or the Principal Account are not sufficient for such purpose, or (iii) at any time for the retirement of all then Outstanding Agency Bonds consistent with the provisions of the Indenture. So long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Account in excess of the Reserve Requirement three (3) Business Days

preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account on or before the Interest Payment Date.

Redemption Account. Five (5) days before each date on which Outstanding Agency Bonds are subject to redemption, other than mandatory sinking account redemption of Outstanding Agency Bonds that are Term Bonds, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Outstanding Agency Bonds to be so redeemed on such date. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Outstanding Agency Bonds upon the redemption thereof, on the date set for such redemption, other than mandatory sinking account redemptions of Outstanding Agency Bonds that are Term Bonds.

Reserve Account

There is established under the Indenture a separate account known as the "Reserve Account," which is to be held by the Trustee in trust. The Indenture requires that an amount equal to the Reserve Requirement be maintained in the Reserve Account at all times, and any deficiency therein be replenished from available moneys in the Special Fund as described under the subheading "Reserve Account" under the subheading "Debt Service Fund" above. As defined in the Indenture, the term "Reserve Requirement" means, as of any date of calculation by the Agency, the least of (i) ten percent (10%) of the initial principal of the Outstanding Agency Bonds, (ii) 125% of Average Annual Debt Service with respect to the Outstanding Agency Bonds, or (iii) Maximum Annual Debt Service with respect to the Outstanding Agency Bonds. Immediately following the issuance of the Bonds, the Reserve Requirement will be \$_____. So long as no Event of Default shall have occurred and be continuing under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement three (3) Business Days preceding each Interest Payment Date for the Bonds shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account on or before the Interest Payment Date for use as described under the subheading "Debt Service Fund—Interest Account" above.

The Agency has the right at any time to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee a Qualified Reserve Account Credit Instrument and an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Outstanding Agency Bonds that are Tax-Exempt Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee will transfer such funds from the Reserve Account to the Agency free and clear of the lien of the Indenture. The Indenture requires that the Trustee comply with all documentation relating to a Qualified Reserve Account Credit Instrument as may be required to maintain the Qualified Reserve Account Credit Instrument in full force and effect and as may be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Reserve Account provisions of the Indenture.

At least fifteen (15) days prior to the expiration of any Qualified Reserve Account Credit Instrument, the Agency is obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds such that the amount on deposit in the Reserve Account is equal to the Reserve Requirement (without taking into

account such expiring Qualified Reserve Fund Credit Instrument). In the event that the Agency fails to take action as described in clause (i) or (ii) of the preceding sentence, the Trustee will, prior to the expiration thereof, draw upon the Qualified Reserve Account Credit Instrument in full and deposit the proceeds of such draw in the Reserve Account.

In the event that the Reserve Requirement is at any time be maintained in the Reserve Account in the form of a combination of cash and a Qualified Reserve Account Credit Instrument, the Trustee will apply the amount of such cash to make any payment required to be made from the Reserve Account before the Trustee draws any moneys under the Qualified Reserve Account Credit Instrument for such purpose. In the event that the Trustee at any time draws funds under a Qualified Reserve Account Credit Instrument to make any payment then required to be made from the Reserve Account, the Tax Increment Revenues thereafter received by the Trustee, to the extent remaining after making the other deposits (if any) then required to be made pursuant to Debt Service Fund provisions of the Indenture, will be used to reinstate the Qualified Reserve Account Credit Instrument. See APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions for the definition of Qualified Reserve Account Credit Instrument.

Issuance of Parity Debt

The Agency may at any time after the issuance and delivery of the Bonds issue Parity Debt under the Indenture payable from the Tax Increment Revenues and secured by a lien and charge upon the Tax Increment Revenues equal to and on a parity with the lien and charge under the Indenture securing the Bonds and the Outstanding Parity Bonds, but only subject to specific conditions. Those conditions include the requirement that Tax Increment Revenues for the then current Fiscal Year, based on the assessed valuation of property in the Project Area as evidenced in a written document from an appropriate official of the County, plus at the option of the Agency the Additional Allowance, be at least equal to 130% of the Maximum Annual Debt Service on the Bonds, the Outstanding Parity Bonds, any indebtedness secured by a senior lien on Tax Increment Revenues and the new Parity Debt; provided, however, that the Indenture requires that said one hundred thirty percent (130%) must be increased to one hundred fifty percent (150%) until such time as the incremental assessed value in the Project Area is sixty percent (60%) or more of the total Project Area assessed value (the Agency anticipates that the sixty percent 60% threshold will be achieved sometime within the next several Fiscal Years).

For purposes of calculating Tax Increment Revenues, the Indenture requires that Tax Increment Revenues be calculated by multiplying most recent assessed values certified by the County by the basic 1% tax rate (without regard to overrides). Additionally, the Indenture requires that Tax Increment Revenues be reduced by an amount equal to all pending assessment appeals as if they were determined to be in favor of the property owners in a proportionate amount equal to the average percent of reductions over the most recent five years of appeals history. See APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Issuance of Parity Debt.

Issuance of Subordinate Debt

The Agency may incur subordinate debt in the form of tax allocation bonds, or other debt secured by a pledge of Tax Increment Revenues subordinate to the pledge thereof under the Indenture (the "Subordinated Debt"); however, the Indenture requires that the issuance of any Subordinate Debt (after taking into account the Outstanding Agency Bonds and all other obligations of the Agency payable from Tax Increment Revenues) shall not cause the Agency to exceed any applicable Plan Limitations and the Agency will at all times that the Bonds are outstanding have sufficient capacity to receive Tax Increment Revenues in an amount at least

equal to the remaining Debt Service on the Outstanding Agency Bonds. See "THE REDEVELOPMENT PROJECT AREA—Plan Limitations" and APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

Investments

The proceeds of the Bonds and other moneys required to be deposited in the funds and accounts established by the Indenture and held by the Trustee or the Agency will be invested in Permitted Investments, as defined in the Indenture. See APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions and "BONDOWNERS' RISKS—Investment of Tax Increment Revenues and Other Funds."

THE AGENCY

General

In 1961, pursuant to Ordinance No. C4184 of the City Council and California Health and Safety Code Section 33000 et seq., entitled "Community Redevelopment Law," the City activated the Agency. The Agency is governed by a seven-member board (the "Agency Board") appointed by the Mayor and confirmed by the City Council. Project Area Committees composed of local citizens, business people and civic organization representatives provide the Agency with advice on the various redevelopment projects in the City.

The City provides all staff services to the Agency through a cooperation agreement, including fiscal services, planning, engineering, legal assistance, property services, relocation and other functions necessary for project development. As City employees, staff assigned to Agency activities participate in all of the City's employee benefit programs. In addition, the Agency retains the services of independent consultants and advisors to assist in legal and financing aspects, property appraisal and acquisition, relocation, land use studies and such other areas of competence deemed necessary by the Agency Board.

All legislative powers of the Agency are vested in the Agency Board. Under applicable law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. As such, the Agency has the authority to acquire, develop as a building site, administer and sell or lease property, and has the power of eminent domain, the right to accept financial assistance from any source, and the power to issue bonds, notes or other evidences of indebtedness, and to expend their proceeds. The Agency itself does not have the power to levy taxes.

The Agency can cause streets and highways to be laid out and graded, and pavements, sidewalks and public utilities to be constructed and installed and can develop as a building site any real property owned or acquired. With the exception of publicly owned structures and facilities benefiting the Agency's redevelopment project areas, the Agency itself cannot construct any buildings contemplated under the applicable redevelopment plans, but must convey property in the redevelopment project areas by sale or lease, for private development in conformity with the applicable redevelopment plans and within any time limit fixed by the Agency for the redevelopment to occur. The Agency may, out of any funds available to it for such purposes, pay for all or part of the value of land and the cost of buildings, facilities, structures or other improvements to be publicly owned and operated, to the extent that such improvements are of benefit to the applicable redevelopment project areas and no other reasonable means of financing is available.

The Agency is a public entity separate and apart from the City. The Charter of the City provides that the accounting and other financial records of the City will be audited by the City Auditor who is an elected official of the City and a certified public accountant. All accounting records of Agency operations are maintained separately from the accounting records of the City.

Agency Financial Statements

The annual financial report of the Agency for the fiscal year ended September 30, 2009 is included as Appendix C to this Official Statement. The financial statements referred to above have been audited by KPMG LLP, Long Beach, California, independent certified public accountants, and by the City Auditor. The Agency has not requested nor did the Agency obtain permission from KPMG LLP to include the audited financial statements as an appendix to this Official Statement. In addition, KPMG LLP has not performed any post-audit review of the financial condition or operations of the Agency and has not reviewed this Official Statement.

THE PROJECT AREA

General

The North Long Beach Project Area (the "Project Area") was established with the adoption of the North Long Beach Redevelopment Plan (the "Redevelopment Plan") pursuant to Ordinance No. C-7412 adopted by the City Council on July 16, 1996. The Redevelopment Plan was amended by the City Council by Ordinance No. C-7912 on April 6, 2004 to extend certain limitations in the Redevelopment Plan. The Project Area consists of 10 non-contiguous areas totaling approximately 7,540 acres of land and 4,967 acres of water for a total size of 12,507 acres. The majority of the Project Area consists of: (a) a residential area bordered by the cities of Compton and Paramount to the north, the City of Lakewood to the east and the City of Carson to the west; and (b) a portion of the Port.

The Project Area is primarily made up of residential neighborhoods, retail uses along the major street corridors, industrial areas, and half of the Port. The Agency is responsible for revitalization efforts outside of the Port, while the City's Harbor Department is the lead agency inside of the Port. The Agency's main goal in the Project Area is neighborhood improvement. The Agency has worked with the community to develop plans for improving neighborhoods by strengthening retail areas and improving public infrastructure. In the industrial areas, the Agency seeks to consolidate parcels for larger users and to return brownfields to productive use. In the Port, the Harbor Department is creating additional facilities that can be leased to international shipping concerns.

All real property in the Project Area is subject to the controls and restrictions of the Redevelopment Plan. The Redevelopment Plan itself is in accordance with standards incorporated in the City General Plan. The Redevelopment Plan requires that construction will meet or exceed the standards set forth in the City's building, electrical, plumbing, mechanical and other applicable construction codes. The Redevelopment Plan further provides that no new improvements will be constructed and that no existing improvements will be substantially modified, altered, repaired, or rehabilitated except in accordance with site plans submitted and approved by the City Planning Commission and the Agency.

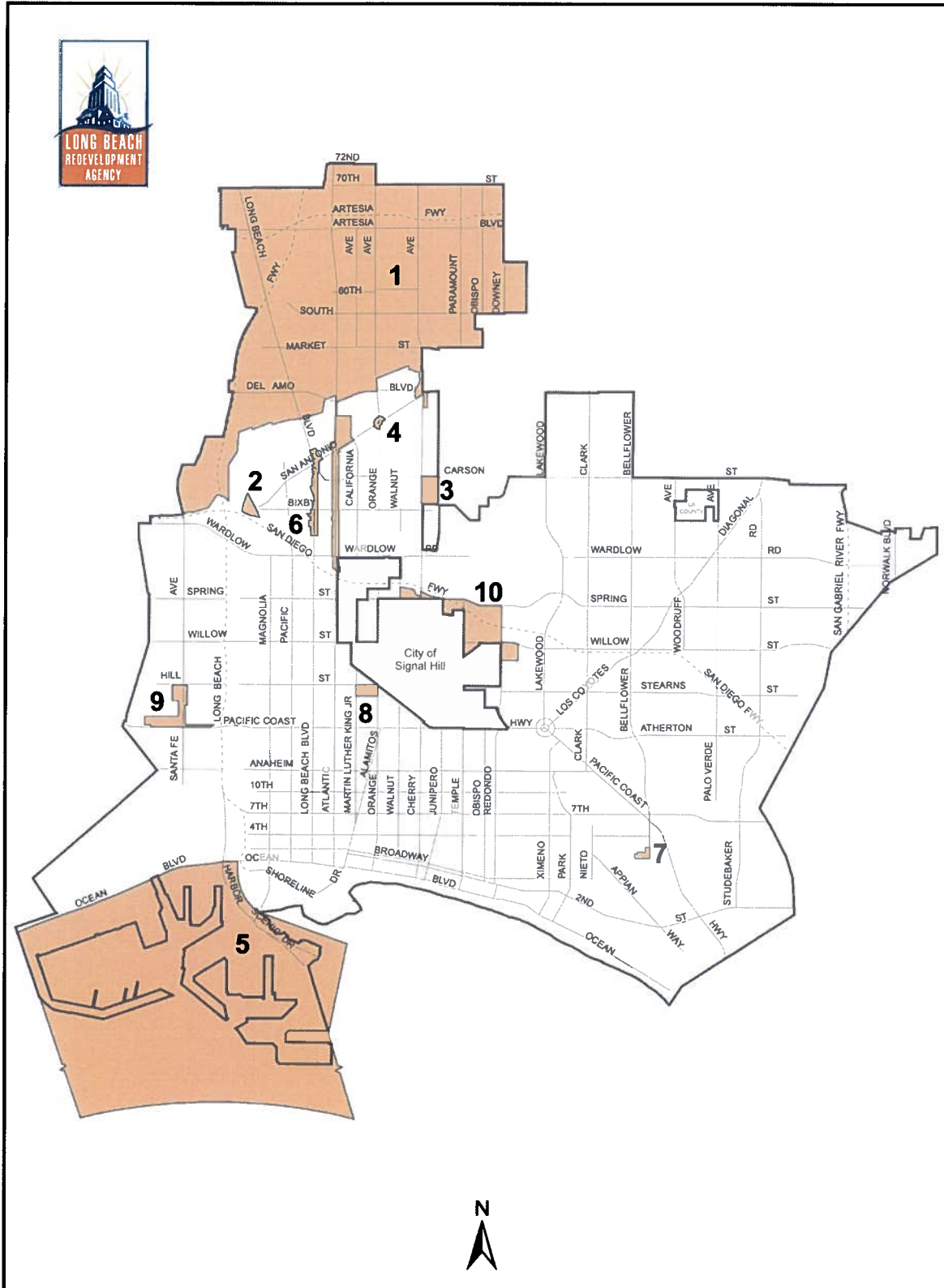
The Redevelopment Plan allows for residential, commercial, industrial and public uses within the North Long Beach Project Area but specifies the particular land use area in which each such use is permitted. The Agency may permit existing but nonconforming use to remain

so long as the existing building is in good condition and is generally compatible with other surrounding developments and uses.

The heights of buildings, architectural controls, and other development and design controls necessary for proper development within the Project Area are established by the Redevelopment Plan and the City Municipal Code.

A map highlighting the Project Area is shown on the following page.

NORTH LONG BEACH REDEVELOPMENT PROJECT AREA



Redevelopment Plan Limitations

Provisions of the Redevelopment Law and the Redevelopment Plan establish various time limits for undertaking redevelopment activities and for repaying debt incurred to finance redevelopment projects. These time limits for the Project Area, as amended and currently in effect, are set forth in the table below.

**TABLE 1
NORTH LONG BEACH REDEVELOPMENT PROJECT
REDEVELOPMENT PLAN LIMITATIONS**

Last Date to Incur Indebtedness:	July 16, 2016
Plan Life:	July 16, 2027
Last Date to Repay Indebtedness:	July 16, 2042
Limit on Outstanding Bonded Indebtedness:	\$2,000,000,000

Source: Fiscal Consultant's Report in Appendix D.

The Agency currently may not receive, and may not repay indebtedness with the proceeds from property taxes received pursuant to Section 33670 of the Redevelopment Law and the Redevelopment Plan, beyond the date indicated in the table above, except to repay debt to be paid from the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law and the Redevelopment Plan, or debt established in order to fulfill the Agency's obligations under Section 33413 of the Redevelopment Law and the Redevelopment Plan, or certain refunding debt. Immediately following the issuance of the Bonds, the Agency will have \$_____ of bonded indebtedness outstanding.

Outstanding Indebtedness

In addition to the Outstanding Parity Bonds (see "SECURITY FOR THE BONDS—Parity Lien on Tax Increment Revenues"), the Agency has incurred several obligations payable from tax increment revenues arising from the Project Area. On July 31, 1997, the Agency, the City and The Vons Companies, Inc. entered into an agreement in connection with the redevelopment of a site located in the Project Area (the "Vons Agreement"), pursuant to which the City agreed to make certain rental payments and the Agency agreed to make payments to the City in the same amounts as the City payments. On December 1, 1997, the Agency, the City and Sears, Roebuck and Co. entered into an agreement in connection with the redevelopment of another site located in the Project Area (the "Sears Agreement"), pursuant to which the City agreed to make certain rental payments and the Agency agreed to make payments to the City in the same amounts as the City payments. The Agency's obligations under the Vons Agreement and the Sears Agreement, which aggregate approximately \$70,000 per year, are unsecured, special obligations of the Agency, and are not secured by any pledge of or lien on any of the Tax Increment Revenues.

The Agency and the City have entered into a Public Works Agreement (North Long Beach Redevelopment Project) on October 1, 1998 (the "Public Works Agreement"), pursuant to which the City agreed to construct and install certain street, utility and other public improvements in the Project Area, and the Agency agreed to reimburse the City for the costs of the improvements. The Agency's outstanding obligation under the Public Works Agreement is \$24,418,300, and its obligation to pay such amount is secured by a pledge of tax increment revenue from the Project Area. On December 11, 2000, the Agency and the City entered into an Amended and Restated Agreement for Services (the "Services Agreement") pursuant to which the City agreed to provide to the Agency all necessary services of the City's employees,

City facilities and other services of the City in order for the Agency to accomplish the purposes of its various redevelopment plans. Under the Services Agreement, the Agency annually advances funds from tax increment revenues from its several project areas (including the Project Area) to pay for the City services, and the Agency's obligation to make such payments are secured by a pledge of such tax increment revenues. On August 8, 2007, the Agency and the City entered into a Loan Agreement pursuant to which the City advanced \$8,000,000 to the Agency for the purpose of acquiring and developing parks and open space in the Project Area (the "Parks Agreement"). Under the Parks Agreement, the Agency is obligated to repay the City loan from Agency funds not committed to other project activities, and the Agency's repayment obligation is secured by a pledge of tax increment revenues generated from the Project Area. Each of the Public Works Agreement, the Services Agreement and the Parks Agreement contain provisions expressly subordinating the Agency's obligations thereunder to all existing or future bonded indebtedness incurred by the Agency relating to the implementation of the Redevelopment Plan, and the Agency's obligations under these three agreements are subordinate to the Agency's pledge of the Tax Increment Revenues to the repayment of the Bonds and the Outstanding Parity Bonds.

On September 1, 2009, the Agency entered into a Public Improvement Reimbursement Agreement (the "Harbor Agreement") with the Board of Harbor Commissioners of the City of Long Beach (the "Harbor Board"), pursuant to which the Harbor Board expressed its intent to develop certain Port terminal and related facilities, including the installment of certain public improvements in connection therewith, and the Agency agreed to reimburse the Harbor Board up to \$8,077,083 for the costs of construction of the public improvements. The Agency's obligations under the Harbor Agreement are payable from "Middle Harbor Additional Tax Increment Revenues," defined in the Harbor Agreement to be the increase in property taxes paid on taxable property (including possessory interests) within a portion of the Project Area located in the Port as a result of the improvements resulting from the development contemplated by the Harbor Agreement, that are annually allocated and paid to the Agency under the Redevelopment Law, less funds required to be deposited to the Low and Moderate Income Housing Fund, payments to Taxing Agencies, and allocable County administrative expenses. The Harbor Agreement contains provisions that expressly subordinate the Agency's repayment obligations thereunder to any bonded indebtedness issued prior to September 1, 2009 (which includes the Outstanding Parity Bonds), and payments required to be made to the Taxing Agencies, but the pledge of the Middle Harbor Additional Tax Increment Revenues to secure the Agency's repayment obligations under the Harbor Agreement is senior to the pledge of Tax Increment Revenues under the Indenture to the repayment of the Bonds and any future Parity Debt. The Agency anticipates that, under the provisions of the Harbor Agreement, and assuming completion of the improvements contemplated by the Harbor Agreement and increases in tax increment revenues as a result thereof, it will be obligated to pay the following amounts of Middle Harbor Additional Tax Increment Revenues in the following years to the Harbor Board: Fiscal Year 2015, \$1,391,000; Fiscal Year 2016, \$1,523,000; Fiscal Year 2017, \$1,732,000; Fiscal Year 2018, \$1,953,000 and Fiscal Year 2019, \$2,249,000. Because the Agency's obligations under the Harbor Agreement with respect to the use of Middle Harbor Additional Tax Increment Revenues are only payable from increases, if any, in tax increment revenues attributable to future development in the specific portion of the Port located in the Project Area, the Agency does not anticipate that its obligations thereunder will in any way adversely affect its obligations under the Indenture to repay the Bonds.

Recent Activity

There are several proposed developments in the Project Area of which the Agency is aware that are expected to result in increases in the assessed value in the Project Area, and thereby result in increases in Tax Increment Revenues. These developments include the construction of a new industrial building for Weber Metals, including a 33,000 square foot

building, a 3,500 square foot grinding canopy and a 1,000 square foot storage canopy on a ten acre lot located on Cherry Avenue in the Project Area. The building is expected to house a new titanium forging facility for Weber Metals. Permits for the construction of the project have been issued by the City, and construction of the building's foundation has commenced. The estimated value of the project upon completion is approximately \$4,086,000. No assurance can be given with respect to the date the project will be completed or the value of the project upon completion.

In connection with various improvements to the Port being constructed under the direction of the Harbor Board, International Transportation Services, Inc. ("ITS") is undertaking the construction of new administration and operations buildings. The project has 18 phases to allow for continued operation of ITS's facilities in the Port during construction. A new electrified wharf has been completed, and new administration and operation buildings, maintenance and repair buildings, the doubling of rail capacity and the repaving of over 200 acres of the terminal are expected to be completed by early 2012. Permits have been issued for the current phase of construction and construction has commenced. The estimated value of the administration and operations buildings currently under construction, when they are completed, is approximately \$55,000,000. No assurance can be given with respect to the date on which this phase of the project will be completed or the value of the project upon completion.

The Agency also is aware of two mixed use developments (currently identified as North Village West and North Village East), and a townhome development proposed by Golden Pacific Partners, proposed for the Project Area, that are in the planning stages and are not expected to be commenced in the current Fiscal Year. In addition, a new commercial development at the northeast corner of Atlantic Avenue and Artesia Boulevard in the Project Area is expected to start construction this summer and to be completed in early fall of 2011. The proposed development includes 15,800 square feet of auto-oriented retail space that includes a full-service sit-down restaurant. Construction of the center is estimated to result in an increase of \$5.3 million of assessed valuation. No assurance can be given that the projects identified in this paragraph will be commenced or completed as currently expected.

The projections of Tax Increment Revenues in Table 5 under the heading "THE PROJECT AREA—Tax Revenue Projections and Debt Service Coverage" below only include expected increases in Tax Increment Revenues as a consequence of the Weber Metals and ITS developments identified above. See "Tax Increment Revenue Projection—New Development Value Added" in Section 6 of the Fiscal Consultant's Report in Appendix D.

Assessed Valuation

A breakdown of the fiscal year 2009-10 assessed valuation of \$7,505,997,656 in the Project Area by category of land use is shown in the following table.

**TABLE 2
NORTH LONG BEACH REDEVELOPMENT PROJECT
BREAKDOWN OF ASSESSED VALUATION BY CATEGORY OF LAND USE**

Land Use Category	Number of Parcels	Total Assessed Value ⁽¹⁾	Percent of Total Assessed Value
Single Family	11,129	\$2,174,089,507	28.96%
Multi-Family	3,205	1,179,434,690	15.71
Condominiums	814	155,386,951	2.07
Mobile Home Parks	12	36,216,374	0.48
Vacant Residential	192	6,761,362	0.09
Commercial	1,278	803,736,648	10.71
Industrial	384	686,629,042	9.15
Agricultural	3	3,713,042	0.05
Recreational	16	43,004,114	0.57
Institutional	79	40,443,765	0.54
Miscellaneous Uses ⁽¹⁾	288	659,558	0.01
Possessory Interest ⁽²⁾	70	1,473,012,632	19.62
Mineral Rights	2	1,519,347	0.02
Other Assessments ⁽³⁾	509	11,745,212	0.16
State Public Utility	--	3,779,482	0.05
Unsecured	--	885,865,930	11.80
Totals	17,981	\$7,505,997,656	100.0%

Source: Los Angeles County Assessor, as reported by Keyser Marston Associates, Inc. See APPENDIX D—FISCAL CONSULTANT’S REPORT.

⁽¹⁾ Miscellaneous Uses include rights-of-way and easements for mining, water rights, pipe lines or canals.

⁽²⁾ See “THE PROJECT AREA—Possessory Interests.”

⁽³⁾ Other Assessments include penalty assessments identified on the Los Angeles County Assessor’s Cross Reference Tax Roll.

The following table shows the actual assessed values for the Project Area for Fiscal Years 2005-06 to 2009-10, based upon the County Auditor-Controller equalized rolls and incremental values of property within the Project Area.

**TABLE 3
NORTH LONG BEACH REDEVELOPMENT PROJECT
HISTORICAL TAXABLE VALUES AND TOTAL INCREMENTAL VALUE
(Fiscal Years Ended September 30)**

	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008-09 ⁽¹⁾	FY 2009/10 ⁽²⁾
	Total Value	Total Value	Total Value	Total Value	Total Value
Secured	\$5,354,365,384	\$5,901,426,962	\$6,452,450,454	\$6,936,796,937	\$6,616,352,244
Unsecured	964,047,071	981,692,808	1,068,214,533	912,229,781	885,865,930
State Utility	1,419,926	1,368,018	3,779,467	3,779,467	3,779,482
Total	\$6,319,832,381	\$6,884,487,788	\$7,524,444,454	\$7,852,806,185	\$7,505,997,656
Less: Base Year	(3,104,508,715)	(3,104,508,715)	(3,103,192,950)	(3,103,980,865)	(3,096,395,327)
Incremental Value	\$3,215,323,666	\$3,779,979,073	\$4,421,251,504	\$4,748,825,320	\$4,409,602,329

Source: Los Angeles County Auditor-Controller, as reported by Keyser Marston Associates, Inc. See APPENDIX D—FISCAL CONSULTANT’S REPORT.

⁽¹⁾ Adjusted to remove overstated Possessory Interest value misplacement of \$170,030,923 assessed to parcel 8940-759-594 (Chevron USA Inc).

⁽²⁾ Adjusted to remove overstated Possessory Interest value misplacement of \$169,396,572 assessed to parcel 8940-759-594 (Chevron USA Inc).

The aggregate total taxable assessed value for the ten largest taxpayers in the Project Area for Fiscal Year 2009-10 is \$1,927,681,632. This amount is approximately 44% of the \$4,409,602,329 Project Area incremental value and 26% of the \$7,505,997,656 total Project Area assessed value. Information regarding the ten largest taxpayers in the Project Area is set forth in Table 4 below and the following paragraphs.

**TABLE 4
NORTH LONG BEACH REDEVELOPMENT PROJECT
FISCAL YEAR 2009-10 LARGEST PROPERTY TAXPAYERS BY ASSESSED VALUE**

Property Owner	No. of Parcels	2009-10 Secured Assessed Values	2009-10 Unsecured Assessed Values	2009-10 Possessory Interest Assessed Values ⁽¹⁾	2009-10 Total Assessed Values	Total AV Percent of Total Project Area ⁽²⁾	% of Total Increment Value ⁽³⁾
Total Terminals ⁽⁴⁾	2			\$526,953,699	\$526,953,699	7.02%	11.95%
International Transportation Services ⁽⁴⁾	2		\$116,596,200	344,376,120	460,972,320	6.14	10.45
Pacific Maritime Services LLC ⁽⁴⁾	2		100,651,982	297,800,000	398,451,982	5.31	9.04
Hughes Aircraft Co	3	\$120,774,533			120,774,533	1.61	2.74
Toyoto Motors/TABC Inc./Catalytic Component Products Inc.	10	21,920,031	94,306,252		116,226,283	1.55	2.64
Long Beach Container Terminal	2		62,710,525	38,249,000	100,959,525	1.35	2.29
ARCO Terminal Services Corp	3	61,583,820	8,487		61,592,307	0.82	1.40
Oxbox Carbon and Minerals LLC	10		14,832,684	33,905,785	48,738,469	0.65	1.11
Carnival Corp	4		1,432,704	45,104,283	46,536,987	0.62	1.06
Metropolitan Stevedore ⁽⁴⁾	4		5,150,749	41,324,778	46,475,527	0.62%	1.05
TOTALS		\$204,278,384	\$395,689,583	\$1,327,713,665	\$1,927,681,632	25.68%	43.72%

Source: Los Angeles County Assessor's 2009-2010 Assessment Roll, as reported by Keyser Marston Associates, Inc. See APPENDIX D—FISCAL CONSULTANT'S REPORT.

⁽¹⁾ See "THE PROJECT AREA—Possessory Interests.

⁽²⁾ Based upon reported FY 2009-10 Project Area secured and unsecured assessed value of \$7,505,997,656. County Assessor's \$169.4 million possessory interest value error to Chevron USA Inc. removed from reported value.

⁽³⁾ Based upon reported FY 2009-10 Project Area incremental assessed value of \$4,409,602,329.

⁽⁴⁾ These property owners have pending assessment appeals or have filed appeals in recent years. See the information regarding these taxpayers set forth below, and "THE PROJECT AREA—Appeals of Assessed Values.

The following information about some of the largest taxpayers in the Project Area has been gathered by the Agency from various sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by the Agency or the Underwriter.

Total Terminals International, LLC – Total Terminals International, LLC (a joint venture between Hanjin Shipping Company, Ltd. and Marine Terminals Inc.) operates the largest container terminal at the Port on Pier T. An approximately 380-acre facility, it includes five berths, a 5,000 foot-long wharf with a water depth of 55 feet, fourteen 65-ton gantry cranes, a storage area for approximately 8,300 on-ground containers, power outlets for 1,850 refrigerated containers, and an on-dock railyard, and handles general containerized cargo. Total Terminals International has been a customer of the Port since 1989, and currently has a long term lease with the Port that expires in 2027.

According to the Fiscal Consultant, Total Terminals International, LLC has pending appeals of its assessed value for Fiscal Years 2007-2008 and 2008-2009 that could result in tax refunds of \$1.9 million and \$2.1 million, respectively, if the company's opinion of value prevails. To date, no known appeal has been filed for Fiscal Year 2009-2010 by the company. See Table 3 in the Fiscal Consultant's Report in Appendix D.

International Transportation Services, Inc. – International Transportation Service Inc. operates a container terminal on Pier G at the Port. An approximately 246-acre facility, it includes five berths, a 6,100 foot-long wharf with a water depths ranging from 36 feet to 50

feet, seven gantry cranes, a storage area for approximately 12,800 on-ground containers, power outlets for 384 refrigerated containers, and an on-dock railyard, and handles general containerized cargo. International Transportation Services, Inc. has been a customer of the Port since 1971, and currently has a long term lease with the Port that expires in 2026. See "THE PROJECT AREA—Recent Activity" for a description of improvements that International Transportation Services, Inc. is constructing at the Port.

According to the Fiscal Consultant, International Transportation Services, Inc. has pending appeals of its possessory interest and unsecured assessed values for Fiscal Years 2009-2010, 2008-2009 and 2007-2008, which could result in a reduced possessory interest valuation for 2009-2010 of \$1,722,000, and tax refunds of \$1.7 million and \$957,000 for the two respective prior Fiscal Years, and a reduced unsecured assessed valuation for 2009-2010 of \$583,000, and tax refunds of \$600,000 and \$506,000 for the two respective prior Fiscal Years, in each case if the company's opinion of value prevails. See Table 3 in the Fiscal Consultant's Report in Appendix D.

Pacific Maritime Services LLC – Pacific Maritime Services LLC (a joint venture between SSA Terminals, LLC and China Overseas Shipping Company) operates from Pier J at the Port. Its facilities include approximately 256-acres with five berths, a 5,900 foot-long wharf with water depths ranging from 42 feet to 48 feet, sixteen gantry cranes, a storage area for approximately 12,320 on-ground containers, power outlets for 685 refrigerated containers, and an on-dock railyard, and handles general containerized cargo. Pacific Maritime Services LLC currently has a long term, 20-year lease with the Port that expires in 2022.

According to the Fiscal Consultant, Pacific Maritime Services LLC has pending appeals of its possessory interest assessed valuation for Fiscal Years 2005-2006, 2006-2007, 2007-2008 and 2008-2009 of \$1.9 million, \$1.6 million, \$1.6 million and \$1.7 million, respectively, if the company's opinion of value prevails. The date, no known appeal has been filed for Fiscal Year 2009-2010 by the company. See Table 3 in the Fiscal Consultant's Report in Appendix D.

Hughes Aircraft Company – This 30 acre site contains offices and parking in an office and industrial park situated at the northwest corner confluence of the San Diego 405 Freeway and the Long Beach 710 Freeway.

Toyota Motor Credit Corporation/TABC Inc./Catalytic Component Products Inc. – Toyota operates its vehicle importing and processing facilities at the Port, located on Pier B (in the West Long Beach Industrial Redevelopment Project Area). However, two parcels totaling 28 acres are owned by Toyota Motor Credit Corp. and TABC Inc. and are located in the Project Area at the southwest corner of Artesia and Paramount. TABC Inc. and Catalytic Component Products Inc. are manufacturing subsidiaries of Toyota responsible for the processing of vehicle catalytic converters, steering columns and stamped parts. Toyota has been a customer of the Port since 1989 and currently has no long term lease with the Port.

Long Beach Container Terminal, Inc. – Long Beach Container Terminal, Inc. conducts a ground and chassis operation at Pier F in the Port. Its Pier F operation involves an approximately 102-acre facility, which includes five berths, a 2,700 foot-long wharf with a water depth of 50 feet, seven gantry cranes, a storage area for approximately 10,000 on-ground containers, power outlets for 240 refrigerated containers and an on-dock railyard, and handles general containerized cargo. Long Beach Container Terminal, Inc. has been a customer of the Port since 1980 and currently has a long term lease with the Port that expires in 2011. Pier F is situated in the Port's Middle Harbor expansion plan area. Several options are being considered by the Port to accommodate this tenant either in its present Pier F location or be relocated to another temporary pier.

ARCO Terminal Services Corporation – This 66 acre vacant parcel located northwest of the intersection of Paramount Boulevard and South Street contains 20 petroleum storage tanks.

Oxbow Carbon and Minerals LLC – Oxbow Carbon and Minerals LLC has been a customer of the Port since 1975. Located on four pad locations leased from the Port, this company is responsible for the storage and exportation of petroleum coke, a by-product of petroleum refining used for fuel. Each pad location is subject to a long term lease with a term ranging from 20-years to 40-years. Oxbow Carbon and Materials has been a customer of the Port since 1975.

Carnival Corporation – Its facilities consist of two leasehold interests, one with a City-owned parking site within the Project Area and the other with the Harbor Department for wharfage adjacent to the Spruce Goose Dome.

Metropolitan Stevedore Company – Located on Pier G at the Port, Metropolitan Stevedore Company has been a customer of the Port since 1939, and operates on a 23 acre site with a long term lease with the Port that expires in 2016. The site is used for the loading of dry bulk cargo, including petroleum coke, coal, potash, borax, sodium sulfates, soda ash and prilled sulfur. Operating under the name Metro Ports, the pier contains 2 electric travelling bulk shiploaders and various conveyor systems.

According to the Fiscal Consultant's Report, Metropolitan Stevedore Company has pending appeals of its possessory interest and unsecured assessed values for Fiscal Years 2006-2007, 2007-2008 and 2008-2009, which could result in tax refunds attributable to its possessory interest of \$333,000, \$206,000 and \$297,000 for the three respective prior Fiscal Years and tax refunds attributable to its unsecured property of \$41,000, \$38,000 and \$137,000 for the three respective prior Fiscal Years, in each case if the company's opinion of value prevails. To date, no known appeal has been filed for Fiscal Year 2009-2010 by the company. See Table 3 in the Fiscal Consultant's Report in Appendix D.

Possessory Interests

As set forth in Table 3 under the heading "THE PROJECT AREA—Assessed Valuation" \$1,473,012,632 of the current \$7,505,997,656 total current assessed valuation of the property in the Project Area (or approximately 20% of the total assessed valuation) is attributable to possessory interest valuations. Moreover, seven of the top ten largest taxpayers in the Project Area have significant possessory interest property valuations aggregating \$1,327,713,665. See Table 4 under the heading "THE PROJECT AREA—Assessed Valuation. Most of the current possessory interest valuations relate to long-term leasehold interests of seven of the top ten largest taxpayers in container terminal facilities at the portion of the Port located in the Project Area. For a description of those leasehold interests, see the information in the paragraphs following Table 4 above.

As described in Section 3.5 of the Fiscal Consultant's Report in Appendix D, possessory interest values are private property interests in publicly-owned real property. A possessory interest constitutes a private right to the possession and use of publicly-owned property for a period of time less than perpetuity, which, in the case of the Project Area, represents container terminal leases on property in the part of the Port that is in the Project Area. The Fiscal Consultant advises that, in appraising a possessory interest, the County Assessor seeks to value the present worth of the return a property will yield to the holder of the possessory interest over the effective term of their possession. The County Assessor appraises the possessory interest using one of more of the following appraisal techniques: the sales comparison, the income approach or the cost approach. The appraisals are initially triggered

when a new lease is entered into and then reaudited by the County Assessor every three to five years thereafter.

Possessory interest valuations of the leasehold interests of seven of the ten largest taxpayers in the Project Area can and have varied from year to year based upon the volume of their respective container operations in the Port. No assurance can be given that container traffic in the Port will continue at current levels, and that possessory interest valuations of property in the Project Area will remain at current levels or increase in the future.

Annual Tax Receipts to Tax Levy

The Agency received a total of \$51,839,624 in tax increment revenue from the Redevelopment Project for fiscal year 2008-09. This total is approximately 108% of the expected tax increment revenues based upon reported assessed values for the Project Area for such Fiscal Year and the applicable tax rate. Actual receipts in excess of the expected levy based on assessed values are generally attributable to penalties and interest in connection with delinquent property tax payments subsequently collected by the County. See Table 4 in APPENDIX D—FISCAL CONSULTANT'S REPORT for information regarding historical receipts to the computed secured tax levy for the five most recent fiscal years.

Appeals of Assessed Values

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board (the "Appeals Board"). After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor or the Appeals Board may set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which application is made and during which the written application was filed. After a reduction is allowed, the property is reviewed on an annual basis to determine its full cash value and the valuation may be adjusted accordingly. This may result in further reductions or increases in value. Such increases are in accordance with the actual cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it is once again subject to the annual inflationary growth rate allowed under Article XIII A.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively after that. The "base year" is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Section 5 of the Fiscal Consultant's Report in Appendix D contains an extensive analysis of historical and pending assessment appeals for properties in the Project Area. The

Fiscal Consultant advises that, for purposes of projecting future Tax Increment Revenues (see Table 5 under the subheading "Tax Revenue Projections and Debt Service Coverage" below), the Fiscal Consultant has, in most cases, estimated that pending appeals will be resolved at the historic average reduction rate in net secured or net unsecured values, as applicable, over the past five years, and that the pending appeals may result in projected tax refunds of \$8,922,000 and a property value reduction of \$637,622,000 for all open appeals. See Section 5 in the Fiscal Consultant's Report in Appendix D.

Proposition 13 Inflationary Adjustments

Article XIII A of the California Constitution (referred to below as "Proposition 13") and State Board of Equalization ("SBE") Rule 460, subdivision (b)(5) provide that "the full value of real property shall be modified to reflect the percentage change in cost of living ... provided that such value shall not reflect an increase in excess of 2 percent of the taxable value of the preceding lien date." The California Consumer Price Index ("CCPI") establishes the inflation rate used to determine the "percentage change in cost of living." This annual inflationary rate is determined by the SBE and is based on the statewide consumer price index for the previous year (October to October). In most years, the CCPI has exceeded 2 percent and has been reflected in the 2% Proposition 13 limitation on upward valuation adjustments (described under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES—Property Tax Limitations - Article XIII A"). Since 1978, there have been five occurrences when the inflationary adjustment rate was less than 2%; fiscal years 1983-84, 1995-96, 1996-97, 1999-00, and 2004- 05. The inflationary adjustments for these fiscal years were 1.01000%, 1.01194%, 1.0115%, 1.01853% and 1.01867%, respectively.

Until now, in more than 30 years since the passage of Proposition 13, the annual inflationary adjustment has never resulted in a reduction to the prior year assessed valuation calculated from the Proposition 13 base year values adjusted for the CCPI annual inflationary rate. However, the California State Board of Equalization has announced that the CCPI inflation factor for Fiscal Year 2010-11 will be -0.237% (referred to as a "deflation factor"). The blanket application of the deflation factor will apply to all properties in the Project Area, will impact the assessed value growth rate of properties that are not sold or newly constructed, and will reduce the amount of property taxes received by the Agency. In its projections of Tax Increment Revenues, the Fiscal Consultant has taken into account the expected reduction in assessed valuation in the Project Area (and thereby reduced Tax Increment Revenues) in the next fiscal year due to the deflation factor. See Section 3.2 of the Fiscal Consultant's Report in Appendix D.

Proposition 8 Reassessments

In addition to reductions in assessed valuations in the Project Area due to appeals and inflationary adjustments, the County Assessor also may reduce assessed values pursuant to Section 51 of the California Revenue and Taxation Code (referred to as "Proposition 8" reductions). This code section requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Increases reflect the actual full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of

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

Section 3.3 in the Fiscal Consultant's Report in Appendix D entitled "Proposition 8 Temporary Decline in Value" contains information provided by the County Assessor regarding Proposition 8 reductions for properties located throughout the County. The Fiscal Consultant reports that, in 2009, the County Assessor proactively reviewed over 473,000 residential parcels County-wide to determine if they qualified for a decline in assessed value, and of the properties reviewed, approximately 330,000 properties received reductions in their taxable value. As reported by the County Assessor, the average adjustment in assessed value was \$120,000. There is no readily available information with respect to the number of parcels located in the Project Area with reduced assessed values as a result of the County Assessor's actions.

For 2010, the County Assessor is expected to proactively review the value of single-family residences and condominiums purchased between July 1, 2003 and June 30, 2009 that were not previously reviewed and granted the temporary decline in value adjustment described above. Any possible future Proposition 8 reductions for properties in the Project Area as a result of such review have not been taken into account in the tax increment projections in the Fiscal Consultant's Report in Appendix D or in Table 5 below.

Pass-Through Payments

Prior to the adoption of AB 1290, the Redevelopment Law authorized a redevelopment agency to enter into "pass-through" or "tax-sharing" agreements with Taxing Agencies affected by the adoption of a redevelopment plan. AB 1290 repealed the provisions of the Redevelopment Law which authorized pass-through agreements, and replaced it with a system of statutorily mandated pass-throughs (the "Section 33607.5 Payments"). The Redevelopment Plan was adopted after the passage of AB 1290, so the Section 33607.5 Payments apply to the Project Area.

Under Section 33607.5, with certain exceptions, commencing with the first fiscal year in which the agency receives tax increment revenues for the affected project area (or the affected added territory) and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency must pay to the affected Taxing Agencies an amount equal to 25 percent of the tax increment revenues received by the agency after the amount required to be deposited in the agency's low and moderate income housing fund has been deducted (generally referred to as the "Tier 1 Payments"). See "SECURITY FOR THE BONDS—Tax Increment Revenues" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES—Low and Moderate Income Housing." Commencing with the 11th fiscal year in which the agency receives tax increment revenues for the affected project area (or the affected added territory) and continuing through the last fiscal year in which the agency receives tax increment revenues, the agency shall pay to the affected Taxing Agencies (other than the city that established such redevelopment agency), in addition to the Tier 1 Payment amounts paid pursuant to the preceding sentence and after deducting the amount allocated to the agency's low and moderate income housing fund, an amount equal to 21 percent of the portion of tax increment revenues received by the agency, which will be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value for the 21 percent additional pass-through (generally referred to as the "Tier 2 Payments") is the assessed value of the project area (or the affected added territory) in the 10th fiscal year in which the agency receives tax increment revenues (in the case of the Project Area, the first adjusted base year is Fiscal Year 2007-08). An additional 14 percent of the portion of tax increment revenues received by the agency calculated by applying

the tax rate against the amount of assessed value by which the then current year assessed value exceeds the project area assessed value in the 30th fiscal year in which the Agency receives tax increment (generally referred to as the "Tier 3 Payments"), are payable commencing with the 31st year and continuing through the last fiscal year in which the agency receives tax increment revenues.

A redevelopment agency's obligations to make Section 33607.5 Payments are not subordinate to the redevelopment agency's obligations with respect to the agency's loans or bonds unless the incurrence of such debt satisfies certain conditions and the affected taxing entity does not object to the subordination on grounds permitted by Section 33607.5. The Agency has not taken any of the actions necessary under the Redevelopment Law and its agreements with other taxing agencies to subordinate its obligations to make Section 33607.5 Payments to its obligation to repay the Outstanding Parity Bonds or the Bonds, so that the Tax Increment Revenues pledged to the repayment of the Bonds and the Outstanding Parity Bonds do not include the Section 33607.5 Payments due to other Taxing Agencies.

The Fiscal Consultant, in its report in Appendix D, notes that, according to the County Auditor-Controller, the obligation of the Agency to make the Tier 2 Payments applicable to the Project Area commenced in Fiscal Year 2008-09, with the first adjusted base year value based on the Project Area's Fiscal Year 2007-08 assessed value. The tax increment revenue projection summarized on Table 6 in the Fiscal Consultant's Report (and in Table 5 below) does not forecast Tier 2 Payments because the current Fiscal Year 2009-10 assessed value of the Project Area is less than the Fiscal Year 2007-08 first adjusted base year value and no increases in assessed value are forecast on Table 6 in the Fiscal Consultant's Report (and in Table 5 below). To the extent that actual subsequent fiscal year assessed values exceed the Fiscal Year 2007-08 first adjusted base year value for the Project Area, then Tier 2 Payments will have to be paid by the Agency pursuant to the provisions of Section 33607.5 of the Redevelopment Law.

Tax Revenue Projections and Debt Service Coverage

The following table is derived from Table 6 in the Fiscal Consultant's Report (the complete text of which is in Appendix D), and depicts the projected Tax Increment Revenues available to pay debt service on the Outstanding Parity Bonds and on the Bonds, as estimated by the Fiscal Consultant, based upon the assumptions described in the Fiscal Consultant's Report, some of which are described in the paragraph following the Table.

TABLE 5
NORTH LONG BEACH REDEVELOPMENT PROJECT
PROJECTION OF TAX REVENUES
(in thousands)

	Reported 2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1 Real Property	\$5,108,159	\$5,108,159	\$4,818,886	\$4,818,886	\$4,822,972	\$4,822,972	\$4,822,972	\$4,822,972	\$4,822,972	\$4,822,972	\$4,822,972
2 Projected Appeal Value Loss ⁽¹⁾	0	(277,825)	0	0	0	0	0	0	0	0	0
3 CPI Adjustment ⁽²⁾	0	(11,448)	0	0	0	0	0	0	0	0	0
4 New Development Value ⁽³⁾	0	0	0	4,086	0	0	0	0	0	0	0
5 Total Real Property	5,108,159	4,818,886	4,818,886	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972
6 Possessory Interest	1,473,013	1,473,013	1,152,805	1,152,805	1,191,305	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805
7 Projected Appeal Value Loss ⁽¹⁾	0	(317,469)	0	0	0	0	0	0	0	0	0
8 CPI Adjustment ⁽²⁾	0	(2,739)	0	0	0	0	0	0	0	0	0
9 New Development Value ⁽⁴⁾	0	0	0	38,500	16,500	0	0	0	0	0	0
10 Total Possessory Interest	1,473,013	1,152,805	1,191,305	1,191,305	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805
11 Personal Property & SBE	924,826	924,826	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498
12 Projected Appeal Value Loss ⁽¹⁾	0	(42,328)	0	0	0	0	0	0	0	0	0
13 Total Personal Property	924,826	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498
14 Total Project Value	7,505,998	6,854,189	6,896,775	6,896,775	6,913,275	6,913,275	6,913,275	6,913,275	6,913,275	6,913,275	6,913,275
15 Less Base Value	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)
16 Incremental Value Over Base	4,409,602	3,757,794	3,797,794	3,800,380	3,816,880	3,816,880	3,816,880	3,816,880	3,816,880	3,816,880	3,816,880
17 Gross Tax Revenue	44,285	37,739	37,739	38,167	38,333	38,333	38,333	38,333	38,333	38,333	38,333
18 Add Unitary Tax Revenue	49	49	49	49	49	49	49	49	49	49	49
19 Projected Appeal Tax Refund ⁽¹⁾	(8,922)	0	0	0	0	0	0	0	0	0	0
20 Gross Tax Increment Revenue	35,412	37,788	37,788	38,216	38,382	38,382	38,382	38,382	38,382	38,382	38,382
21 Less County Admin Fees at -1.47%	(654)	(553)	(554)	(560)	(563)	(563)	(563)	(563)	(563)	(563)	(563)
22 Subtotal	34,759	37,235	37,235	37,656	37,819	37,819	37,819	37,819	37,819	37,819	37,819
23 Less Housing Set Aside at -20% ⁽⁵⁾	(7,082)	(7,558)	(7,558)	(7,643)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)
24 Net Tax Increment Revenue	27,676	29,677	29,677	30,013	30,143	30,143	30,143	30,143	30,143	30,143	30,143
25 Less AB1290 Statutory Pass Through ⁽⁵⁾	(7,082)	(7,558)	(7,558)	(7,643)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)
26 Net Revenue after Pass Through	20,594	22,120	22,119	22,370	22,467	22,467	22,467	22,467	22,467	22,467	22,467
27 Less 2009-10 SERAF ⁽⁶⁾	(10,149)	0	0	0	0	0	0	0	0	0	0
28 Less 2010-11 SERAF ⁽⁶⁾	0	(2,751)	0	0	0	0	0	0	0	0	0
29 Add Borrowed from Housing ⁽⁶⁾	8,439	0	0	0	0	0	0	0	0	0	0
30 Less Repayment to Housing ⁽⁶⁾	0	(1,688)	(1,688)	(1,688)	(1,688)	(1,688)	(1,688)	(1,688)	(1,688)	(1,688)	(1,688)
31 Net After SERAF	\$18,883	\$17,681	\$20,431	\$20,682	\$20,779	\$20,779	\$22,467	\$22,467	\$22,467	\$22,467	\$22,467

Source: Keyser Marston Associates, Inc. See Table 6 in APPENDIX D—FISCAL CONSULTANT'S REPORT.

(1) See Table 5 in the Fiscal Consultant's Report in Appendix D.

(2) See "THE PROJECT AREA—Proposition 13 Inflationary Adjustments."

(3) Represents expected additional assessed value attributable to the Weber Metals project. See "THE PROJECT AREA—Recent Activity."

(4) Represents expected additional assessed value attributable to the ITS project. See "THE PROJECT AREA—Recent Activity."

(5) See "SECURITY FOR THE BONDS—Tax Increment Revenues."

(6) See "BONDOWNERS' RISKS—State Budget; ERAF & SERAF Shifts."

Receipt of projected Tax Increment Revenues in the amounts and at the times projected by the Fiscal Consultant depends on the realization of certain assumptions relating to the net tax increment revenues. Although the Agency believes that the assumptions utilized by the Fiscal Consultant are reasonable, the Agency provides no assurance that the projected Tax Increment Revenues will be realized. To the extent that the assumptions are not actually realized, the Agency's ability to timely pay principal and interest on the Bonds may be adversely affected. Key assumptions include:

- other than increases in assessed value attributable to two developments occurring in the Project Area (see "THE PROJECT AREA—Recent Activity" and Section 6.1 in the Fiscal Consultant's Report in Appendix D), there has been no assumed annual increase in assessed values in the Project Area;
- there has been no assumed reduction in assessed values in future years that may arise by reason of possible decreases in Proposition 13 Inflationary Adjustments (see "THE PROJECT AREA—Proposition 13 Inflationary Adjustments" and Section 3.2 in the Fiscal Consultant's Report in Appendix D), Proposition 8 Reassessments (see "THE PROJECT AREA—Proposition 8 Reassessments" and Section 3.3 in the Fiscal Consultant's Report in Appendix D), or delinquencies in the payment of property taxes (see "THE PROJECT AREA—Annual Tax Receipts to Tax Levy" and Section 4.3 and Table 4 in the Fiscal Consultant's Report in Appendix D);
- pending property owner appeals of assessed values in the Project Area will result in decreases in assessed values at historical rates (see "THE PROJECT AREA—Appeals of Assessed Values" and Section 5 in the Fiscal Consultant's Report in Appendix D), and no additional appeals filed for Fiscal Year 2009-10 will be processed by the County (see Section 5.1 in the Fiscal Consultant's Report in Appendix D);
- tax rates applicable to property in the Project Area will remain constant in future years at 1.004292% (see Section 4.1 of the Fiscal Consultant's Report in Appendix D);
- County administrative charges will remain at a constant 1.47% of gross tax increment revenues (see Section 2.2c. in the Fiscal Consultant's Report in Appendix D); and
- there will be no State legislation requiring additional ERAF, SERAF or other payments by California redevelopment agencies (beyond those currently required by AB26), or shifts of property tax increment (see "BONDOWNERS' RISKS—State Budget; ERAF and SERAF Shifts" and Section 6.5 in the Fiscal Consultant's Report in Appendix D).

In addition to the foregoing, see Section 7 (entitled "Caveats") in the Fiscal Consultant's Report in Appendix D and "BONDOWNERS' RISKS."

The following table sets forth the projected Tax Increment Revenues and debt service coverage, for the life of the Bonds.

TABLE 6
NORTH LONG BEACH REDEVELOPMENT PROJECT
PROJECTION OF TAX REVENUES, DEBT SERVICE AND DEBT SERVICE COVERAGE
(in thousands)

Bond Year Ending August 1	Projected Tax Increment Revenues ⁽¹⁾	2002 Bonds Debt Service ⁽²⁾	Additional 2006 Amounts ⁽³⁾	2005 Bonds Debt Service ⁽²⁾	Additional 2005 Interest Amounts ⁽³⁾	2010 Bonds Debt Service ⁽⁴⁾	Total Outstanding Bonds Debt Service	Debt Service Coverage ⁽⁵⁾
2010	\$20,594	\$3,015		\$4,151	\$125	\$ 752	\$ 8,044	256%
2011	22,120	3,011		4,150	149	2,994	10,304	215
2012	22,120	3,014		4,151	148	2,990	10,302	215
2013	22,120	2,783	\$32	4,153	291	2,981	10,240	216
2014	22,120	2,785	43	4,150	291	2,974	10,244	216
2015	22,120	2,787	46	4,150	291	2,964	10,238	216
2016	22,120	2,800	46	4,150	291	2,957	10,243	216
2017	22,120	2,804	46	4,150	292	2,942	10,234	216
2018	22,120	2,813	46	4,150	291	2,925	10,225	216
2019	22,120	2,825	45	4,149	596	2,907	10,522	210
2020	22,120	2,839	43	4,153	596	2,890	10,521	210
2021	22,120	2,844	44	4,151	143	2,870	10,051	220
2022	22,120	2,851	45	4,153	143	2,851	10,043	220
2023	22,120	2,865	44	4,150	143	2,830	10,033	220
2024	22,120	2,876	44	4,150	143	2,807	10,019	221
2025	22,120	2,891	44	4,155		2,785	9,875	224
2026	22,120	2,899	48	4,153		2,751	9,851	225
2027	22,120	2,905	48	4,151		2,713	9,816	225
2028	22,120	2,922	47	4,152		2,672	9,793	226
2029	22,120	2,933	46	4,151		2,632	9,763	227
2030	22,120	2,943	46	4,154		2,594	9,736	227
2031	22,120	2,956	45	4,154		2,546	9,701	228
2032	22,120			4,151		2,504	6,655	332
2033	22,120			4,150		2,453	6,603	335
2034	22,120			4,151		2,407	6,558	337
2035	22,120			4,153		2,351	6,504	340
2036	22,120					2,301	2,301	961
2037	22,120					2,240	2,240	988
2038	22,120					2,184	2,184	1013
2039	22,120					2,122	2,122	1043
2040	22,120					2,059	2,059	1074
2041								

Source: Fieldman Rolapp & Associates

⁽¹⁾ Estimated, years ending 2010 through 2020 from line 26 (Net Revenue after Pass Through) in Table 5 above. Projected SERAF payments in Table 5 will be subordinate to the payment of debt service on the Bonds. See "RISK FACTORS—State Budget; ERAF & SERAF Shifts." Does not include expected Recovery Act cash payments. See "THE BONDS—Designation of Bonds as Recovery Zone Economic Development Bonds and Build America Bonds."⁽²⁾ See "SECURITY FOR THE BONDS—Parity Lien on Tax Increment Revenues."

⁽³⁾ Amounts in these columns represent additional obligations of the Agency related to the respective Outstanding Parity Bonds, and may be returned to the Agency under certain conditions. See "SECURITY FOR THE BONDS—Parity Lien on Tax Increment Revenues."

⁽⁴⁾ Estimated, subject to change.

⁽⁵⁾ Projected Tax Increment Revenues divided by Total Outstanding Bonds Debt Service.

No assurances are provided by the Agency as to the certainty of the projected Tax Increment Revenues shown on the foregoing tables. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due.

BONDOWNERS' RISKS

The following discussion of certain risk factors is not intended to be a complete list of the risks associated with the purchase of the Bonds and does not purport to reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider the following factors, among others, and to review the other information in this Official Statement in evaluating an investment in the Bonds. In addition, there can be no assurance that other risk factors will not become material in the future.

Limited Obligations

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM THE TAX INCREMENT REVENUES, AS DESCRIBED HEREIN, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS MAINTAINED UNDER THE INDENTURE, AND ARE NOT A DEBT OF THE AUTHORITY, THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AGENCY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), AND NONE OF THE AUTHORITY, THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AGENCY), IS LIABLE THEREFOR. THE BONDS ARE NOT PAYABLE FROM, AND ARE NOT SECURED BY, ANY FUNDS OF THE AGENCY, OTHER THAN THE TAX INCREMENT REVENUES AND OTHER MONEYS EXPRESSLY PLEDGED THEREFOR PURSUANT TO THE INDENTURE. NEITHER THE MEMBERS OF THE GOVERNING BOARD OF THE AGENCY NOR ANY PERSONS RESPONSIBLE FOR THE EXECUTION OF THE BONDS ARE LIABLE PERSONALLY FOR PAYMENT OF THE BONDS.

Reduction in Assessed Value

Tax Increment Revenues allocated to the Agency and available for payment of debt service on the Bonds are determined in part by the amount by which the assessed valuation of property in the Project Area exceeds the respective base year assessed valuation for such property, and by the current rate at which property in the Project Area is taxed. The Agency itself has no taxing power with respect to property, nor does it have the authority to affect the rate at which property is taxed. While substantial growth has occurred in the Redevelopment Project in prior years, recently property values in general have declined (see "THE PROJECT AREA—Proposition 8 Reassessments") and there may be future negative adjustments to assessed values due to inflationary factors (see "THE PROJECT AREA—Proposition 13 Inflationary Adjustments"). These factors could cause a reduction of the assessed valuation of taxable property in the Project Area.

Economic or other factors beyond the Agency's control, such as a downturn in the local economy, relocation out of the Project Area by one or more major property owners or sale of property to a non-profit corporation exempt from property taxation, successful appeals by property owners for a reduction in a property's assessed valuation, a reduction of the general inflationary rate, a reduction in transfers of property or construction activity, or the destruction of property caused by natural or other disasters, or other events that permit reassessment of property at lower values could also cause a reduction in the assessed valuation of taxable property in the Project Area which could result in a reduction of tax increment revenues. In addition, substantial delinquencies in the payment of property taxes by the owners of taxable property within the Project Area, could impair the timely receipt by the Agency of Tax Increment Revenues. See "BONDOWNERS RISKS'—Property Tax Payment Delinquencies", "BONDOWNERS RISKS'—Reduction in Inflationary Rate" and "BONDOWNERS RISKS'—

Risk of Earthquake or Other Disaster” herein. Further, the State electorate or legislature could adopt further limitations with the effect of reducing Tax Increment Revenues.

Tax increment payments are also adjusted by refunds due to successful assessment appeals. See “THE PROJECT AREA—Appeals of Assessed Values” herein. The Agency also receives revenues from paid delinquent taxes and penalties, which are allocated in part on an apportionment basis (one percent taxes) and in part on the basis of payments actually assignable to Project Area properties. See “THE PROJECT AREA—Annual Tax Receipts to Tax Levy.” Other events that are beyond the control of the Agency could occur and cause a reduction in Tax Increment Revenues, thereby impairing the ability of the Agency to make payments of principal and interest and premium (if any) when due on the Bonds on a timely basis. See the discussion following Table 5 under the heading “THE PROJECT AREA—Tax Revenue Projections and Debt Service Coverage.”

The Fiscal Consultant has made certain assumptions with regard to the availability of tax increment revenues to estimate the total revenues available to pay debt service on the Bonds. The Agency believes these assumptions to be reasonable, but to the extent the Tax Increment Revenues are less than anticipated, including for any of the reasons described herein, the total revenues available to pay debt service on the Bonds may be less than those projected herein.

Concentration of Ownership

The top ten largest property taxpayers in the Project Area account for approximately 26% of the total secured and unsecured assessed value (and approximately 44% of the incremental increase in assessed value over the base year value) of the Project Area for fiscal year 2009-10. See Table 4 under the heading “THE PROJECT AREA—Assessed Valuation” herein. Concentration of ownership presents a risk in that if one or more of the largest property owners were to relocate their business out of the Project Area, or were to default in the payment of their property taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Tax Increment Revenues could result.

Reduction in Inflationary Rate

Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described herein). This measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Tax Increment Revenues. See “THE PROJECT AREA—Proposition 13 Inflationary Adjustments” for a discussion of a decrease in assessed values due to a negative inflationary adjustment for Fiscal Year 2010-11. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES—Property Tax Limitations – Article XIII A.”

Real Estate and General Economic Risks

The general economy of the area in and surrounding the Project Area is subject to all the risks generally associated with real estate and real estate development. Projected redevelopment of real property within and around the Project Area by the Agency and private development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within and around the

Project Area (including planned development in the portion of the Port included in the Project Area) could be adversely affected by future governmental policies, including governmental policies to restrict or control certain kinds of development. If development and redevelopment activities in the Project Area encounter significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Area could be adversely affected, causing reduction of the Tax Increment Revenues. In addition, if there is a decline in the general economy of the region, the City or the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of tax revenues received by the Agency from the Project Area.

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value of property determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. An assessee may contest either (i) the original determination of the "base assessment value" of a parcel (i.e., the value assigned after a change of ownership or completion of new construction), or (ii) the "current assessment value" (i.e., the value as determined by the County Assessor, which may be no more than the base assessment value plus the compounded 2% annual inflation factor) when specified factors have caused the market value of the parcel to drop below current assessment value. At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sales transaction or the recently completed improvement. A successful appeal of the base assessment value of a parcel has significant future revenue impacts, because a reduced base year assessment will reduce the compounded future value of the taxable value of the property prospectively. Except for the two percent inflation factor, the value of the property cannot be increased until a change in ownership occurs or additional improvements are added. Reductions in taxable values in the Project Area resulting from successful appeals by property owners will reduce the amount of Tax Increment Revenues available to pay the principal of and interest on the Bonds.

The County Assessor's Office has proactively reduced assessed values for thousands of parcels in the County. See "THE PROJECT AREA—Proposition 8 Reassessments." In addition, there are a number of pending property owner assessment appeals with respect to parcels in the Project Area. See "THE PROJECT AREA—Appeals of Assessed Values." No assurance can be given that there will not be additional actions by the County Assessor to reduce assessed value of parcels in the County, some of which may be in the Project Area, or that there will not be additional property owner assessment appeals for parcels in the Project Area. Reductions in taxable values in the Project Area resulting from successful appeals by property owners and Proposition 8 reductions will reduce the amount of Tax Increment Revenues available to pay the principal of and interest on the Bonds. In its projection of Tax Increment Revenues, the Fiscal Consultant has assumed that the pending appeals filed by property owners will be resolved at historical rates. See Section 5 in the Fiscal Consultant's Report in Appendix D.

Investment of Tax Increment Revenues and Other Funds

Tax Increment Revenues from the County are deposited in the City's Investment Pool prior to their transfer to the Trustee for deposit by the Trustee in the accounts within the Debt Service Fund established under the Indenture. Under the Indenture, moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account must be invested by the Trustee in Permitted Investments (as defined in the Indenture), and moneys in the Special Fund and the Redevelopment Fund may

be invested by the Agency in any lawful investment for Agency funds. See APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions. The Agency cannot predict the impact on the investment of any Tax Increment Revenues by the Agency if the City experiences significant losses in its Investment Pool.

Certain Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. A delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full.

Risk of Earthquake or Other Disaster

The State, including the City, is subject to periodic earthquake activity. In fact, the City experienced a major earthquake in 1933. The land in the Project Area also is subject to flood risk. If an earthquake or other disaster were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property could be reduced. There is no assurance that property owners within the Project Area maintain earthquake or disaster insurance or that any such insurance would be sufficient in the event of an earthquake or other disaster. Further, there is no assurance that federal, State or other emergency funds will be provided or would be sufficient for reconstruction in the Project Area in the event of an earthquake or other disaster. A reduction of assessed valuations in the Project Area could result in a reduction of Tax Increment Revenues, which could impair the ability of the Agency to make payments of principal of and interest on the Bonds when due.

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well known and widely applicable of these laws. In addition, California laws impose particular requirements with regard to hazardous substances. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substances condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the financial and legal ability of a property owner or operator in the Project Area to develop the affected property or other adjacent property and the value of such property.

Property Tax Payment Delinquencies

Delinquencies in the payment of tax bills recently have increased throughout California. While the Agency expects to receive revenues from paid delinquent taxes and penalties, which are allocated in part on an apportionment basis (one percent taxes) and in part on the basis of payments actually assignable to Project Area properties, but there is no guaranty that the Agency will receive property tax payment delinquencies in the Project Area in the future. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES—Property Tax Collection Procedures" herein. Further, a significant increase in delinquencies could result in a reduction of Tax Increment Revenues, which could impair the ability of the Agency to make payments of principal of and interest on the Bonds when due.

Change in Law

No assurance can be given that the State electorate will not adopt initiatives or that the Legislature will not enact legislation that will amend the Constitution of the State, the Redevelopment Law or other laws in a manner that results in a reduction of Tax Increment Revenues that could adversely affect the Agency's ability to make debt service payments on the Bonds. In addition, tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, rulings or litigation.

Additional Obligations

As described in "SECURITY FOR THE BONDS—Issuance of Parity Debt," the Agency's pledge of Tax Increment Revenues to payment of debt service on the Bonds will be on a parity with the Agency's pledge of Tax Increment Revenues with respect to the payment of any Parity Debt. The potential for the issuance of Parity Debt increases the risks associated with the Agency's payment of debt service on the Bonds in the event of a decrease in the Agency's collection of Tax Increment Revenues.

Proposition 8 Adjustments

Proposition 8, approved in 1978 (section 51(b) of the California Revenue and Taxation Code), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed on a following lien date up to the lower of the then current fair market value or the factored base year value. Properties in the County, which may include properties in the Project Area, have been subject to Proposition 8 adjustments made by the County Assessor. See "THE PROJECT AREA—Proposition 8 Reassessments" and Section 3.3 in the Fiscal Consultant's Report in Appendix D.

Levy and Collection of Taxes

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Increment Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Bonds. Likewise, delinquencies in the payment

of property taxes and the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Agency's ability to make timely Bond payments. See "THE PROJECT AREA—Annual Tax Receipts to Tax Levy" and Section 4.3 in the Fiscal Consultant's Report in Appendix D.

State Budget; ERAF & SERAF Shifts

In connection with its approval of the budget for the State for the 1992-93, 1993-94, 1994-95, 2002-03, 2003-04, and 2004-05 Fiscal Years, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund ("ERAF"). The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas. The Agency has made all of the foregoing ERAF payments as required by applicable law.

The State budgets for 2005-06, 2006-07 and 2007-08 had no new ERAF payment requirements. However, in connection with the State budget for Fiscal Year 2008-09, on September 30, 2008, the California Legislature enacted AB 1389. AB 1389 required a one-time shift of \$350 million from redevelopment agencies to their respective ERAF. Under the provisions of AB 1389, the Agency was obligated to make an ERAF payment for all of its project areas of \$6,070,996 to its ERAF.

The validity of AB 1389 was challenged in litigation in the Superior Court for *Sacramento County, California Redevelopment Association et al v. Genest et al*, Case No. 34-2008-00028334-CUWM-GDS ("*CRA v. Genest*"). This case alleged, among other things, that the duties of county auditors to deposit funds received from redevelopment agencies in County ERAFs are inconsistent with various state and federal constitutional provisions and are therefore unlawful and unenforceable. The lawsuit argued that the State raids of redevelopment funds to balance the State budget are unconstitutional, violating Article XVI, Section 16 of the California Constitution, which states that redevelopment funds can only be used to finance redevelopment projects. The lawsuit contended that taking redevelopment funds to balance the State's budget does not qualify as a constitutionally permitted use of tax increment. On April 30, 2009, the Sacramento Superior Court ruled in favor of the petitioners, holding that petitioners are entitled to declaratory and injunctive relieve invalidating and enjoining Health and Safety Code Section 33685 as provided for in AB 1389. The court stated that the "distribution of contributions by RDAs to their county ERAFs ... can be expected to regularly result in the use of RDA's tax increment revenues by schools and education programs unrelated to the RDA's redevelopment projects." A judgment was signed by the Sacramento Superior Court on May 7, 2009, forbidding any of the defendants from taking any actions to carry out or enforce any of the payment requirements in AB 1389. The State appealed the decision; however, on September 23, 2009, the State filed a notice of abandonment of its appeal with the Court, so that the Superior Court judgment became final and no longer subject to appeal on that date.

In connection with legislation related to the budget for the State for Fiscal Year 2009-10, on July 24, 2009 the State Legislature adopted AB 26, which was signed by the Governor and became law on July 28, 2009. AB 26 requires a \$1.7 billion one-year transfer, in the aggregate, from redevelopment agencies to their respective County Supplemental Educational Revenue Augmentation Fund ("SERAF") in 2009-10, plus another \$350 million aggregate transfer in 2010-11. A SERAF is similar to an ERAF, except that there is an additional requirement for the SERAF (in response, in part, to the *CRA v. Genest* litigation) that moneys in the SERAFs must

be used by school districts and county offices of education to serve pupils living in redevelopment areas or in housing supported by redevelopment agency funds. The method for calculating each redevelopment agency's payment and respective share of the 2009-10 and 2010-11 transfers is similar to that in prior ERAF legislation, except that instead of using the prior year's tax increment figures for the basis of calculation, AB 26 requires the calculation to use the tax increment figures from fiscal year 2006-07 with respect to the SERAF payment required for both 2009-10 and 2010-11. The Agency's 2009-10 SERAF payment is estimated by the California Redevelopment Association (the "CRA") to be \$29,487,696, and is due by May 10, 2010. The Agency's 2010-11 SERAF payment is estimated by the CRA to be \$6,070,996, and is due by May 10, 2011.

AB 26 provides that the Agency may suspend Housing Set-Aside contributions to its Low and Moderate Income Housing Fund for 2009-10 or borrow Housing Set-Aside funds in the Agency's Low and Moderate Income Housing Fund, in order to make the SERAF payments - provided the funds are repaid by June 30 of the Fiscal Year occurring 5 years after the Fiscal Year of the commencement of suspension or borrowing. The Agency fully expects to fund the entire amount of its 2009-10 SERAF payment by the May 10, 2010 deadline and the entire amount of its 2010-11 SERAF payment by the May 10, 2011 deadline. The Agency expects to use accumulated tax increment funds on hand to make approximately \$1,700,000 of the portion of the 2009-10 SERAF payment allocated by it to the Project Area (a total of \$10,200,000), and to borrow \$8,500,000 from the Agency's Low and Moderate Income Housing Fund to make the remaining portion of the 2009-10 SERAF payment allocated by it to the Project Area. The Agency expects to use tax increment revenues or cash on hand to make the approximately \$2,700,000 portion of the 2010-11 SERAF payment allocated by it to the Project Area. The Agency has covenanted in the Indenture to maintain sufficient funds on hand to make the Fiscal Year 2009-10 payments due to the Los Angeles County Supplemental Educational Revenue Augmentation Fund, and to set aside and maintain sufficient funds from tax increment revenues received by it in Fiscal Year 2010-11 or from other available sources to make any payment required to be made by the Agency for Fiscal Year 2010-11 to the Los Angeles County Supplemental Education Revenue Augmentation Fund, in each case until such time as such payments are made or a court of competent jurisdiction declares that the Agency is not required to make such payments.

AB 26 expressly provides that the obligation of any redevelopment agency to make the SERAF payments for fiscal years 2009-10 and 2010-11 shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code. Pursuant to AB 26, under a number of circumstances (e.g., failure to pay, or have paid on its behalf, any SERAF payment; failure to repay when due housing set-aside amounts borrowed or suspended, etc.), a sanction will be imposed on a redevelopment agency which would require the agency's annual housing set-aside amount to be increased from 20% of its gross tax increment to 25% of its gross tax increment, for the balance of the time the sanctioned redevelopment agency receives tax increment. On October 20, 2009, the CRA filed a lawsuit to challenge AB 26. However, the Agency cannot determine whether any such challenge actually will be successful.

There can be no assurance that the State Legislature will not require similar or other diversion of tax increment funds in future years to deal with its budget deficits, nor can there be any assurance that any obligation to make any future payments from tax increment funds will be made subordinate to a pledge of taxes to pay Bond debt service.

The potential impact of future legislation could be material to the Agency and its ability to repay existing and future obligations and conduct its redevelopment activities. The

Agency cannot predict whether the State Legislature will enact additional legislation which shifts tax increment revenues away from redevelopment agencies to the State or to schools (whether through an arrangement similar to ERAF, SERAF or by any other arrangement), whether any future shifts in tax increment revenue would be limited or affected (such as by an offset of amounts required to be shifted) by pre-existing agreements between redevelopment agencies and school districts, community college districts and county superintendents of schools, or what impact such legislation may have on the Tax Increment Revenues pledged to pay debt service on the Bonds. Accordingly, the Agency is not able to predict the effect, if any, such a shift, if enacted, would have on future Tax Increment Revenues.

Information about the State budget and State spending is available at various State-maintained websites. None of such websites are in any way incorporated into this Official Statement, and the Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Secondary Market

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAX REVENUES

Property Tax Limitations-Article XIII A

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. See "THE PROJECT AREA—Proposition 13 Inflationary Adjustments" for a discussion of the negative impact that a recent "deflation factor" will have on future Tax Increment Revenues.

The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in October 1986 by initiative which exempts any bonded indebtedness approved by two-thirds (55% in certain instances) of the votes cast by the voters for the acquisition or improvement of real property from the one percent limitation.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIII A.

Proposition 58 amends Article XIII A to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIII A

There have been many challenges to Article XIII A of the California Constitution. Recently, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A.

The apportionment of property taxes in fiscal years after 1978-79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978-79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

Property Tax Collection Procedures

Classifications. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." Secured and unsecured properties are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured

property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

Penalties. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a \$15 redemption fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to the roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Supplemental Assessments. Legislation enacted in 1983 (Chapter 498, Statutes of 1983) provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Chapter 498 provided increased revenue to redevelopment agencies to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such State supplemental assessments occur within the Redevelopment Project, the Tax Increment Revenues for the Project Area may increase.

Tax Collection Fees. In 1990, the State Legislature enacted Senate Bill 2557 (Chapter 466, Statutes of 1990) ("SB 2557") which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Two recent decisions have interpreted the provisions of SB 2557 and have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. The 1992 enactment of Senate Bill 1559 (Chapter 697) and the decision of the California Court of Appeal in *Arcadia Redevelopment Agency v. Ikemoto* have clarified that redevelopment agencies, such as the Agency, are to share in the cost of property tax administration charged by most California counties, including the County. During fiscal years 2008-09 and 2009-10, the County withheld approximately \$678,000 and \$653,000 respectively, from the Agency for such administrative costs with respect to the Project Area.

Appropriations Limitations-Article XIII B

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Effective November 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provided that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor will such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law.

State Board of Equalization and Property Assessment Practices

August 10, 1998, the State Board of Equalization ("SBOE") approved revisions to its guidelines regarding the valuation of intangible business and commercial property for property tax purposes. The SBOE approved these revisions over the objections of the California Assessors Association ("CAA"), an organization representing all 58 County Assessors in California. The Agency is not able to predict whether the revised SBOE guidelines will cause any reductions in tax increment revenues and, hence, in the Tax Increment Revenues.

Exclusion of Tax Increment Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Increment Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness.

The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness.

Proposition 218

On November 5, 1996, California voters approved Proposition 218-Voter Approval for Local Government Taxes-Limitation on Fees, Assessments, and Charges-Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Increment Revenues securing the Bonds are derived from property taxes which are outside the scope of

taxes, assessments and property-related fees and charges which were limited by Proposition 218.

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290 ("AB 1290") which contained several significant changes in the Redevelopment Law. Among the changes made by AB 1290 was a provision that limits the period of time for incurring and repaying loans, advances and indebtedness payable from tax increment revenues. In general, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan. See "THE PROJECT AREA—Redevelopment Plan Limitations."

AB 1389 Payments

On September 24, 2008, the State enacted a budget for Fiscal Year 2008-09 that includes, among other things, the provisions of a bill known as AB 1389. AB 1389 requires redevelopment agencies, under certain circumstances, to submit reports to the office of the county auditor in the county in which they are located. These reports are required to include calculations of the tax increment revenues that redevelopment agencies have received and payments that redevelopment agencies have made pursuant to pass-through agreements with taxing entities and statutory pass-through requirements. County auditors are required to review the reports and, if they concur, issue a finding of concurrence. The State Controller is required to review such reports and submit a report to the Legislative Analyst's office and the Department of Finance identifying redevelopment agencies for which county auditors had not issued a finding of concurrence or are otherwise not in compliance with provisions of AB 1389. AB 1389 includes penalties for any redevelopment agency listed on the most recent State Controller's report, including a prohibition on issuing bonds or other obligations until the listed agency is removed from the State Controller's report.

The Agency filed the required reports with the County Auditor-Controller, and the Agency received notification from the Auditor-Controller at the County to the effect that the Auditor-Controller was in concurrence with the pass-through obligations on the Agency's AB 1389 report, and acknowledging that the Agency made payments to the applicable local education agencies based on the County's calculations and will pay the non-local agency education entities according to the Agency's calculations. The Auditor-Controller stated in its December 28, 2009 letter, however, that "Whether your agency has made the payments our office's worksheet requires is to be resolved between your Agency and the State Controller's Office." In June of 2009, the State Controller's Office issued a report with respect to Fiscal Years 2003-04 through 2007-08 which included the Agency on the list of redevelopment agencies with respect to which the County Auditor had concurred with their reports for those Fiscal Years. The State Controller's Office has not yet issued a report with respect to Fiscal Year 2008-09.

Future Initiatives

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

Low and Moderate Income Housing

Sections 33334.2 and 33334.3 of the Redevelopment Law require redevelopment agencies to set aside not less than twenty percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the "Housing Set-Aside Requirement"). An agency can reduce the Housing Set-Aside Requirement if the agency annually makes certain findings, consistent with the General Plan Housing Element. These findings are that: (1) no need exists in the community to improve or increase the supply of low and moderate income housing; or, (2) some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need. In order to make findings (1) or (2), the Agency's finding must be consistent with the Housing Element of the community's General Plan, including its share of the regional housing needs of very low income households and persons and families of low or moderate income. The Agency has not made such findings in the past, and the Tax Increment Revenues do not include any of the housing set aside revenues.

Statement of Indebtedness

Under the Redevelopment Law, the Agency must file with the County Auditor a statement of indebtedness for the Redevelopment Project by October 1 of each year. As described below, the statement of indebtedness controls the amount of tax increment revenue that will be paid to the Agency in each fiscal year.

Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other things: (i) the total amount of principal and interest payable on all loans, advances or indebtedness (including the Outstanding Parity Bonds, the Bonds and all Parity Debt) (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of "Available Revenue" as of the end of the previous fiscal year.

"Available Revenue" is calculated by subtracting the total payments on Debt during the previous fiscal year from the total revenues (both tax increment revenues and other revenues) received during the previous fiscal year, plus any carry-forward from the prior fiscal year. Available Revenue include amounts held by the Agency and irrevocably pledged to the payment of Debt other than amounts set aside for low- and moderate-income housing.

The County Auditor may only pay tax increment revenue to the Agency in any fiscal year to the extent that the total remaining principal and interest on all Debt exceeds the amount of available revenues as shown on the statement of indebtedness.

The statement of indebtedness constitutes prima facie evidence of the indebtedness of the Agency; however, the County Auditor may dispute the statement of indebtedness in certain cases. section 33675 of the Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for Superior Court determination of such dispute if it cannot be resolved by the Agency and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any Debt or its related contract or expenditures. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

CERTAIN LEGAL MATTERS

Legal Opinions

The legal opinion of Quint & Thimmig LLP, Los Angeles, California, as Bond Counsel, approving the validity of the Bonds, will be made available to purchasers at the time of original delivery of the Bonds and the proposed form thereof appears in Appendix E hereto. Quint & Thimmig LLP, San Francisco, California, also is serving as Disclosure Counsel to the Agency for the Bonds. Certain legal matters will be passed upon for the Agency by the City Attorney of the City in his capacity as General Counsel to the Agency.

Payment of the fees and expenses of Bond and Disclosure Counsel is contingent upon the sale and delivery of the Bonds.

Enforceability of Remedies

The remedies available to the Trustee and to the registered owners of the Bonds upon an event of default under the Indenture and any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Bonds are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

RATING

Standard & Poor's Ratings Services ("S&P") has assigned its rating of "____" to the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Agency will covenant, pursuant to a continuing disclosure agreement (the "Continuing Disclosure Agreement") to be executed on the date of delivery of the Bonds, for the benefit of owners and beneficial owners of the Bonds, to provide a report (the "Annual Report") containing certain financial information and operating data related to the Agency and the Redevelopment Project, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system. The notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in the Form of Continuing Disclosure Agreement in Appendix F hereto. The covenants of the Agency in the Continuing Disclosure Agreement have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

ABSENCE OF LITIGATION

At the time the Bonds are delivered, an officer of the Agency will certify that, to such Officer's knowledge, there is no litigation pending with respect to which the Agency has been served with process or know to be threatened against the Agency in any court or other tribunal of competent jurisdiction, State or federal, which seeks to enjoin or challenges the authority of the Agency to participate in the transactions contemplated by this Official Statement, the Bonds or the Indenture.

TAX MATTERS

The interest on the Bonds is not excluded from gross income for federal income tax purposes, and is subject to all applicable federal taxation.

In the opinion of Bond Counsel, however, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in Appendix E.

FISCAL CONSULTANT

The Agency has retained the firm of Keyser Marston Associates, Inc. to prepare a Fiscal Consultant's Report concerning to Project Area. The full text of the Fiscal Consultant's Report is attached hereto as Appendix D.

FINANCIAL ADVISOR

The Agency has retained Fieldman Rolapp & Associates, Irvine, California, as Financial Advisor for the sale of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Fieldman Rolapp & Associates is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The Bonds are being purchased for reoffering by Stone & Youngberg LLC (the "Underwriter"). The Underwriter has entered into an agreement with the Authority and the Agency pursuant to which the Authority has agreed to purchase the Bonds from the Agency, and to immediately resell the Bonds to the Underwriter, at a price of \$_____ (representing the par amount of the Bonds, less an Underwriter's discount of \$_____). The agreement pursuant to which the Underwriter will purchase the Bonds provides that the Underwriter will purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to reoffer the Bonds to the public initially at the prices or yields set forth on the inside cover page of this Official Statement, which yield may

subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in reoffering the Bonds to the public. The Underwriter may reoffer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallocate any such discounts on sales to other dealers.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective purchasers of the Bonds. Quotations from, and summaries and explanations of, the Indenture and other documents and statutes contained herein do not purport to be complete, and reference is made to such documents, Indenture and statutes for full and complete statements of their provisions.

Unless otherwise noted, all information contained in this Official Statement pertaining to the Agency and the Redevelopment Project has been furnished by the Agency. Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Agency.

REDEVELOPMENT AGENCY OF THE
CITY OF LONG BEACH

By: _____

Its: _____

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive and reference should be made to the text of the Indenture for a full and complete statement of its provisions. All capitalized terms not defined in the body of the Official Statement have the meanings ascribed to them in the Indenture.

[to come]

APPENDIX B

CERTAIN INFORMATION REGARDING THE CITY OF LONG BEACH

The Bonds are not obligations of the City of Long Beach (the "City") or the County of Los Angeles (the "County"), and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of certain background information concerning the City and the County.

General

The City of Long Beach (the "City") is a municipal corporation and chartered city of the State and encompasses approximately 52 square miles of coastal area located on the southern edge of Los Angeles County (the "County"). With a current population of approximately 490,000, it is the second largest city in the County and the fifth largest city in the State of California. The City's climate is mild, with temperatures ranging from an average of 54 degrees in January to 72 degrees in July. Precipitation averages 12.1 inches per year. The center of the City is 22 miles south of downtown Los Angeles, 450 miles south of San Francisco and 110 miles north of San Diego. The City has long been a major industrial center and popular beach resort area. The Port of Long Beach (the "Port"), along with its related commercial activities, imparts strength to the local economy. Further, the City has been successful in building a substantial tourist and convention business and is currently taking vigorous steps to augment tax revenues from these sources.

Municipal Government

The City was originally incorporated in 1888, and after a short period of disincorporation, was reincorporated on December 13, 1897. Since 1907, the City has been governed as a charter city. The present City charter was originally adopted in 1921 and has been amended from time to time.

The City operates under the council-manager form of government with a nine-member City Council. City Council members are nominated and elected by district to serve four-year terms, with a maximum of two such terms. The Mayor is nominated and elected by the City at large. The Vice-Mayor is elected by the Council from among its members. Other city-wide elected offices are City Attorney, City Auditor and City Prosecutor.

The City Manager is appointed by and serves at the discretion of the City Council. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, with the exception of the elective offices noted above and the following three semi-autonomous commissions: Civil Service Commission, Board of Water Commissioners and Board of Harbor Commissioners. The City currently employs approximately 5,600 persons within 22 departments.

In 1931, a Charter amendment was passed which created the Board of Water Commissioners and authorized the City to join the Metropolitan Water District of Southern California. These decisions sought to ensure an adequate water supply for the City.

Within the framework of the City's General Plan, orderly growth and development of the community is controlled by a three-step planning and budgetary process utilizing the following instruments: the annual budget, the six-year Capital Improvement Program and the five-year Long Range Financial Plan.

Population

The City's population as of January 1, 2009, was estimated to be 492,682 persons. This figure represents 4.7% of the corresponding County figure and 1.29% of the corresponding State figure. The City's population increased 28.6% during the three decades between 1970 and 2000. The following table illustrates the City's population growth relative to the population of the County and the State. Population data for 2005-2009 are as of January 1, while the census amounts for 1970, 1980, 1990 and 2000 are as of April 1.

TABLE B-1
City of Long Beach,
County of Los Angeles and State of California
Population Data

<i>Year</i>	<i>City of Long Beach</i>	<i>County of Los Angeles</i>	<i>State of California</i>
1970	358,879	7,036,980	19,971,022
1980	361,500	7,477,657	22,911,000
1990	429,321	8,863,052	29,758,213
2000	461,522	9,519,330	33,871,648
2005	488,367	10,158,409	36,676,931
2006	488,673	10,209,201	37,086,191
2007	488,848	10,243,764	37,472,074
2008	489,864	10,301,658	37,883,992
2009	492,682	10,393,185	38,292,687

Source: California State Department of Finance.

Employment

The following table sets forth the average employment for major industry types within the County:

TABLE B-2
County of Los Angeles
Average Employment by Industry
2004-2008

<i>Industry</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Agriculture	7,600	7,400	7,600	7,500	6,900
Natural Resources and Mining	3,800	3,700	4,000	4,400	4,400
Construction	140,200	148,700	157,500	157,600	145,100
Manufacturing	483,600	471,700	461,700	449,200	433,800
Wholesale Trade	215,100	219,300	225,700	227,000	224,500
Retail Trade	405,400	414,400	423,300	426,000	417,400
Transportation, Warehousing and Utilities	161,000	161,700	165,200	165,600	162,000
Information	211,900	207,600	205,600	209,800	211,300
Financial Activities	241,600	244,000	248,800	246,000	235,400
Professional and Business Services	562,400	576,100	598,900	605,400	584,100
Education and Health Services	467,000	471,300	478,700	490,500	501,500
Leisure and Hospitality	372,800	377,800	388,600	397,900	399,500
Other Services	144,700	144,300	145,200	147,100	146,500
Government	<u>587,100</u>	<u>583,700</u>	<u>589,400</u>	<u>595,700</u>	<u>603,700</u>
Total Wage and Salary	4,004,100	4,031,600	4,100,100	4,129,600	4,076,200

Source: State of California – Employment Development Department, Labor Market Division.

The California Employment Development Department compiles data monthly on the status of employment and unemployment in the Los Angeles-Long Beach labor market (Los Angeles County). As an integral part of the Los Angeles metropolitan area, Long Beach benefits from the wide variety of job opportunities available in neighboring communities throughout the County.

The following table summarizes labor force, employment and unemployment by industry since 2004 in the County, the State and the United States:

TABLE B-3
County of Los Angeles, State of California and United States
Labor Force, Employment and Unemployment Annual Average

<i>Year</i>	<i>Area</i>	<i>Civilian Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate (%)</i>
2004	County	4,770,800	4,460,500	310,300	6.5%
	California	17,506,600	16,413,400	1,093,200	6.2
	United States	147,401,000	139,252,000	8,149,000	5.5
2005	County	4,816,000	4,559,500	256,500	5.3
	California	17,703,400	16,742,300	961,100	5.4
	United States	149,320,000	141,730,000	7,591,000	5.1
2006	County	4,850,700	4,620,800	229,900	4.7
	California	17,907,200	17,029,900	877,300	4.9
	United States	151,428,000	144,427,000	7,001,000	4.6
2007	County	4,921,200	4,675,300	245,900	5.0
	California	18,188,100	17,208,900	979,200	5.4
	United States	153,124,000	146,047,000	7,078,000	4.6
2008	County	4,972,000	4,598,300	373,800	7.5
	California	18,391,800	17,059,600	1,332,300	7.2
	United States	154,287,000	145,362,000	8,924,000	5.8

Source: State of California – Employment Development Department and U.S. Department of Labor – Bureau of Labor Statistics

Major Employers

The largest employer in the City is the Long Beach Unified School District; employing approximately 8,304 people. The Long Beach Unified School District has 91 schools and serves approximately 86,207 students. The second largest employer in the City is The Boeing Company (“Boeing”), with facilities at the Long Beach Airport employing approximately 7,680 persons.

Other major employers in the City include government, education and health care providers, including the City, California State University (Long Beach), Long Beach Memorial Medical Center and the Veteran Affairs Medical Center.

The following table sets forth the City's major employers:

TABLE B-4
City of Long Beach
Major Employers As of September 30, 2009

<i>Employer</i>	<i>Number of Employees</i>
1. Long Beach Unified School District	8,304
2. The Boeing Co	7,684
3. California State University Long Beach	6,690
4. Long Beach Memorial Medical Center	5,805
5. City of Long Beach	5,570
6. Veterans Affairs Medical Center	2,332
7. Long Beach City College	2,276
8. Verizon	1,500
9. St. Mary Medical Center	1,479
10. U.S. Postal Service	1,434

Source: City of Long Beach – Comprehensive Annual Financial Report - FY 2009 Unaudited.

Industry

The City is an important component of the County industrial complex, the largest concentration of major industrial firms in the western United States. The aircraft/aerospace products group represents a very important single industrial category in the City. Boeing is the second largest employer in Long Beach. See "—Major Employers" above. Other important industries include petroleum and chemical production, metal fabrication and food and kindred product production.

Commercial Activity

Retail sales activity is located throughout the City, from the central business district to the updated Los Altos and Marina Pacifica "power" centers, both of which opened in 1996, and the Towne Center, a 100-acre retail development built on the site of the former Long Beach Naval Hospital, which opened in November 1998. The World Trade Center in the downtown area of the City contains more than two million square feet of office space and is an international focal point for shipping, finance and trade services.

North of the Port at the intersection of the San Diego (I-405) and Long Beach (I-710) freeways is the 55-acre Freeway Business Center, a high-technology office complex which includes Direct TV, Irvin Industries, Inc., Epson America, Inc., Mercedes Benz, Denso Sales California and Toyota. The 60-acre Long Beach Airport Business Park contains over 800,000 square feet of mid-rise office space and is the site for the Long Beach Business Park and the North Long Beach Business Center. Located in the northern part of the City, these facilities offer a combined total of more than 20.5 acres of office, commercial and industrial space near to the I-405 and I-710 Freeways, two major arteries in the Southern California freeway system. The 50-acre Kilroy Airport Center provides 800,000 square feet of office space.

Several hotels are located in the City, including the Westin Long Beach, Renaissance, Hilton, Hyatt Regency Long Beach, Holiday Inn, Golden Sails Hotel, Long Beach Airport Marriott and the Queen Mary Hotel. Within the past 18 months the West Coast Long Beach Hotel has undergone a significant renovation and has reopened as the Hotel Maya and a Marriott Residence Inn has been constructed on an adjacent parcel; both hotels are in the North Long Beach Project Area.

Taxable sales transactions in the City increased 2.6% between 2006 and 2007. During the period 2003 through 2007, taxable transactions increased 29.6%. The following table illustrates the City's annual volume of taxable transactions from 2003 through 2007:

TABLE B-5
City of Long Beach
Taxable Sales, 2003-2007
(\$000's)

<i>Type of Business</i>	2003	2004	2005	2006	2007
Apparel Stores	\$105,942	\$117,460	\$117,713	\$117,618	\$119,392
General Merchandise Stores	387,954	402,966	296,269	433,617	439,186
Food Stores	194,872	192,610	209,092	207,426	215,206
Eating/Drinking Places	520,374	571,824	606,028	670,018	694,581
Home Furnishings and Appliances	93,983	97,695	134,569	103,462	95,907
Building Materials and Farm Implements	516,578	685,805	228,915	814,610	-
Auto Dealers/ Auto Supplies	314,220	331,628	472,287	313,240	347,710
Service Stations	336,850	413,270	448,430	527,327	574,571
Other Retail Stores	436,990	470,369	409,750	473,102	1,299,085*
Retail Stores Totals	\$2,207,763	\$3,283,627	\$3,062,101	\$3,660,420	\$3,785,638
All Other Outlets	739,611	802,251	1,193,770	946,833	941,200
Total All Outlets	\$3,647,374	\$4,085,878	\$4,255,871	\$4,607,253	\$4,726,838

Source: State of California - Board of Equalization

* Sales omitted because their publication would result in the disclosure of confidential information; such figures are included in "Other Retail Stores" when possible.

Construction

The City issued building permits, valued at approximately \$136 million during Fiscal Year 2009. Of this total approximately 54.0% consisted of residential construction and approximately 46.0% consisted of non-residential construction. The City's annual permit values since Fiscal Year 2005 are set forth below:

TABLE B-6
City of Long Beach
Building Permit Valuations, 2005-2009
(\$000's)

<i>Type of Permit</i>	2005	2006	2007	2008	2009
Residential					
New Single Dwelling	\$ 27,968,744	\$ 41,568,987	\$ 16,876,359	\$ 12,366,364	\$ 3,700,221
New Multi Dwelling	46,356,534	73,148,732	56,107,877	87,383,603	8,719,540
Additions/Alterations	134,878,539	130,081,723	117,410,616	84,226,735	60,475,475
Total Residential	\$209,203,817	\$244,799,442	\$190,394,852	\$183,976,702	\$72,895,236
Non-Residential					
New Commercial	\$ 13,384,839	\$ 3,847,432	\$ 22,734,702	\$ 31,911,962	\$ 9,091,990
New Industrial	2,525,000	166,950	259,443	297,480	-
Other	8,055,962	12,777,673	1,635,980	2,061,439	1,010,173
Additions/Alterations	62,529,344	81,803,819	82,545,830	55,343,133	52,926,355
Total Non-Residential	86,495,145	98,595,874	107,175,955	89,614,014	63,028,518
Total Valuation	\$295,698,962	\$343,395,316	\$297,570,807	\$273,590,716	\$135,923,754

Source: City of Long Beach Summary Financial Information Statement for Fiscal Year 2008-09.

Visitor and Convention Business

Tourism has long been a significant factor in the City's economy. Boating facilities, marinas, sport fishing, shops and eight miles of public beaches attract thousands of visitors to the City each year. Other recreational facilities and attractions include the Long Beach Aquarium of the Pacific, the Queen Mary, the Community Playhouse, a municipal band and symphony orchestra, the Sports Arena, the Terrace and Center Theaters, Belmont Plaza Pool, the Long Beach Grand Prix and the Long Beach Ice Dogs professional ice hockey team. The Long Beach Museum of Art and the Museum of Latin American Art are both located within the City.

In 1994, the City approved the Queensway Bay Development Plan to create a premier waterfront attraction in Southern California, now known as Pike at Rainbow Harbor, comprised of 300 acres of prime oceanfront land adjacent to the City's commercial core. It includes the Long Beach Aquarium, Rainbow Harbor, the expanded Long Beach Convention Center and up to 500,000 square feet of entertainment/retail development. The Long Beach Aquarium and Rainbow Harbor opened to the public in June 1998.

The Queen Mary, a vintage ocean liner open to the public since 1971, provides the City with a unique and interesting tourist attraction. The six-deck "Living Sea Museum" is the only facility of its kind in the world. The Queen Mary features three major restaurants, three fast food service facilities and 40 specialty shops. The Queen Mary Hotel, with 365 rooms, is aboard the ship. In addition, a Russian submarine, the "Scorpion," is currently docked adjacent to the Queen Mary and is open for visitors. The Scorpion is another premier waterfront attraction complementing the popular Aquarium of the Pacific and the Queen Mary. Carnival Cruise Lines operates out of a Long Beach homeport for its cruises to Mexico, adjacent to the Queen Mary.

The West Coast Long Beach Hotel, located on 18.8 waterfront acres west of the Queen Mary, is a development designed to afford 85% of the rooms with ocean views. The hotel consists of 200 rooms and offers resort style amenities in close proximity to the Queen Mary and Downtown attractions.

Formula 500 cars first raced through city streets and along the shoreline during the Long Beach Grand Prix in September 1975. The race was the first to be run on city streets in this country in 50 years. The City has hosted the United States Grand Prix West, now featuring "Indy" cars, every year since 1977 in what is now commonly known as the Long Beach Grand Prix. This event attracts 200,000 visitors to the City each year.

Long Beach Convention Center

The City has fostered convention business by expanding convention facilities and encouraging private sector participation. Trade shows, conventions, athletic contests and other events are held regularly at the Long Beach Convention and Entertainment Center (the "Convention Center"), which is part of the Pike at Rainbow Harbor oceanfront development. The Convention Center was enlarged in 1994 to accommodate 318,000 square feet of exhibit space. This expansion increased the total number of conventions and meetings held at the Convention Center, which competes with convention centers in cities such as Albuquerque, San Jose, Denver and Phoenix, and larger facilities in Los Angeles, Anaheim and San Diego. Marketing of the Convention Center by the Long Beach Convention and Visitors Bureau has resulted in increased occupancy rates for hotels serving the Convention Center. Following the attacks in New York City and on the Pentagon in Washington D.C. on September 11, 2001,

occupancy rates declined. However, the City expects occupancy rates to increase as the Convention Center attracts additional regional convention business.

A \$2.8 million renovation of the Convention Center was substantially completed in the fall of 2001. The renovation was completed pursuant to an agreement between the City and the Jehovah's Witness organization, under which the Jehovah's Witness organization supplied materials and labor for the renovation in exchange for the City's permission to use the facility for 12.6 years. The City expended \$300,000 for permits, furniture and equipment in connection with the renovation. The following table sets forth convention and delegate attendance for the past five years:

TABLE B-7
City of Long Beach
Convention and Delegate Attendance

<i>Calendar Year</i>	<i>Number of Conventions</i>	<i>Number of Delegates</i>
2005	235	440,083
2006	226	446,739
2007	201	475,769
2008 ⁽¹⁾	217	485,406
2009	194	469,452

⁽¹⁾ Restated prior year due to updated figures.

Source: City of Long Beach Summary Financial Information Statement for Fiscal Year 2008-09.

Pike at Rainbow Harbor Project

The \$450 million Pike at Rainbow Harbor Project (previously known as the Queensway Bay Project) developed by Developers Diversified Realty Corporation is one of the largest shoreline developments in California history. The Pike at Rainbow Harbor Project includes approximately 500,000 square feet of waterfront retail and entertainment space. The Pike at Rainbow Harbor is a joint venture of public and private investment. The development converted 300 acres of prime oceanfront property at the edge of downtown Long Beach into a major resort. The Pike at Rainbow Harbor Project includes the Aquarium of the Pacific, Shoreline Park, Rainbow Harbor, the retail portion of the Pike Project and the condominium housing portion of the Pike Project.

The Rainbow Harbor, named after Long Beach's famous Rainbow Pier from the early part of the twentieth century, offers visitors a wide variety of dinner cruises, fishing and diving charters, and water taxis that shuttle between the downtown entertainment district and the historic Queen Mary ocean liner. The Aquarium of the Pacific is located on a five-acre site within Rainbow Harbor. The Aquarium site is 156,735 square feet and contains exhibits with more than 12,000 ocean animals, representing over 550 species. The Aquarium also contains a theater, learning center, an indoor/outdoor restaurant and a large gift shop.

Petroleum Production

The Wilmington Oil Field, which is one of the largest oil fields in the United States, traverses Long Beach. Since 1939, the City has developed and managed the oil operations on its Upland and Tideland properties. The Upland properties are owned by the City and the revenues can be used for general-purpose activities. The Tideland properties are owned by the City in trust for the State. The revenues, by legislation, are shared between the City, State, Occidental Petroleum Corp., and Tidelands Oil Production Company and the City's share can only be used in support of tidelands purposes.

Operation of the Wilmington Oil Field is managed by two contractors, Tidelands Oil Production Company and Occidental Petroleum Corp.

The City administers all City oil operations, contracts, leases and agreements and directs all subsidence control operations through its Department of Oil Properties. Recent increases in the price of oil have increased the amount of revenues transferred to the Tidelands Operating Fund and the General Fund.

Transportation

Industry, business and residents all benefit from the excellent transportation network available in the City. Water, rail, air and highway facilities are highly developed throughout the City.

The County's 22-mile light rail line opened July 1, 1990, connecting the central business districts of Long Beach and Los Angeles. Ridership on the "Metro Blue Line" currently averages approximately 66,000 riders per average weekday.

The San Diego Freeway (I-405), the San Gabriel River Freeway (I-605), the Long Beach Freeway (I-710) and the Riverside Freeway (I-91) all traverse the City, as do State Highways 1, 19, 22 and 214. This highway grid places both the City of Los Angeles and Los Angeles International Airport within a 30-minute drive.

The Long Beach Public Transportation Company was incorporated in 1963 as a nonprofit corporation with all capital shares held by the City. Since that time, the company has provided transit service to the City and surrounding areas. The company's operations are locally supported through the Transportation Fund of the City. Interurban bus service is provided by Long Beach Transit, Los Angeles County Metropolitan Transportation Authority and Orange County Regional Transportation District.

Rail transportation to Long Beach is provided by two major transcontinental railroads: the Burlington Northern Santa Fe Railroad Company and the Union Pacific Railroad Company. Reciprocal switching is available between the two lines.

Port of Long Beach

The Port is owned by the City and operated by the Harbor Department, which was created by amendment to the City Charter in 1931. Functioning primarily as a landlord, the Harbor Department leases or assigns most docks, wharves, transit sheds, and terminals to shipping or terminal companies and other private firms for actual operation of these facilities. This Port is one of the most versatile shipping installations in the nation.

The Port covers 11.9 square miles, of which 7.1 square miles is water, and includes all harbor facilities of the City. The Port has 22 miles of waterfront with 65 deep water cargo berths. Container terminals occupy 1,356 acres, auto terminals occupy 182 acres, breakbulk and general cargo occupy 108 acres, dry bulk terminals occupy 100 acres, and petroleum and liquid bulk occupy 52 acres. The Port has seven container terminals with 70 cranes (owned by the Harbor Department and tenants) and three container freight stations. Five container terminals are served by on-dock rail yards. Additional cargo handling facilities include five transit sheds and 12 warehouses. Transit sheds are of concrete and steel construction. Wharves are constructed of reinforced concrete supported by reinforced concrete pilings or sheet pile bulkhead. Wharf aprons at all transit shed berths average 50 feet in width. Rail tracks serve all major marine facilities. In total, the Port owns 82 miles of rail trackage.

Current Harbor Department plans envision enlarging and consolidating several of the container terminals due to the demand for larger facilities.

The Port is the first Southern California port to offer dockside rail. Dockside rail helps to move cargo between ships and trains for efficient distribution to markets east of the Rocky Mountains, and removes unnecessary trucks from area freeways.

The Port is self-sufficient. Under the State's Tidelands laws, the Port must earn its revenue from activities related to commerce, navigation, recreation and fisheries, and must spend its money only on the same. The Port receives no tax revenues for its operations or expansions. Although it receives no tax support, the Port generates billions of dollars in revenue for private businesses and government entities, including the City.

In addition to containers, the harbor complex handles crude and refined petroleum products, dry bulk such as coke, and cement; automobiles, lumber, paper and fruit; steel and scrap metal. A free trade zone, Foreign Trade Zone #50, is also operated by the Port.

In 1989, the Port, the Port of Los Angeles (collectively, the "Ports"), the City and the City of Los Angeles formed the Alameda Corridor Joint Powers Authority ("ACTA") to develop and operate a 20-mile long, multiple-track consolidated rail transportation corridor (the "Alameda Corridor") along Alameda Street between the railroad freight yards located in the City of Los Angeles and the Ports in order to efficiently deal with the anticipated increase in volume of international freight, cargo and other goods to and from the Ports. Construction was completed and the Alameda Corridor opened for service in April 2002, at a cost of \$2.4 billion. The Alameda Corridor consolidates 90 miles of existing rail lines (4 current rail lines will be diverted onto 1 line) into an integrated system separated from nonrail traffic.

Long Beach Airport

The City owns and operates the Long Beach Airport, which has five runways varying from 4,200 to 10,000 feet in length. Pursuant to a court-ordered settlement reached in 1989, the current daily flight limits are 41 commercial jet airline and 25 commuter landings and takeoffs ("slots"). Included in the 41 aircraft slots are five cargo flights, operated by Airborne Express, Fed Ex and United Parcel Service. Commercial airline service is provided by Alaska Airlines, American Airlines, America West Airlines, and jetBlue Airways ("jetBlue").

The Long Beach Airport is jetBlue's west coast hub. jetBlue operates 22 of the 41 commercial slots at Long Beach, with direct service to New York City, Washington, D.C., Boston, Ft. Lauderdale, Salt Lake City, Oakland and Las Vegas.

The movement of aircraft in and out of Long Beach Airport is controlled by the Federal Aviation Administration (the "FAA"). The FAA operates the airport's tower and navigation facilities. Navigation aids at the airport include Medium Intensity Approach Lights, Runway Visual Range, Direction Finding, Instrument Landing System, VHF, UHF and other radio communications equipment.

Long Beach Airport is an important aircraft manufacturing and completion center, proudly hosting two industry giants, The Boeing Company and Gulfstream Aerospace Corporation. Between these two firms, thousands of jobs help fuel the local economy. Long Beach Airport is landlord to almost 150 other businesses, mainly in the aviation and aerospace industry.

The following table sets forth operations at the Long Beach Airport during Fiscal years 2004-05 through 2008-09.

**TABLE B-8
Long Beach Airport Traffic**

<i>Fiscal Year</i>	<i>Passengers</i>	<i>Cargo (lbs.)</i>	<i>Aircraft Operations</i>
2005	3,027,871 ⁽¹⁾	108,470,000	344,377
2006	2,815,015 ⁽²⁾	102,303,000	360,811
2007	2,880,583 ⁽³⁾	100,354,000	399,622
2008	2,878,005 ⁽³⁾	100,092,000	354,727
2009	2,930,911 ⁽⁵⁾	72,312,000	302,672

⁽¹⁾ In fiscal year 2005, all 41 air carrier flight slots were allocated: 36 flight slots to four commercial airlines - Alaska, America West, American and JetBlue; and five slots to cargo carriers - Airborne Express, Federal Express and United Parcel Service. In addition, America West operated three commuter flights, out of the approved 25 commuter carrier flight slots.

⁽²⁾ In fiscal year 2006, 41 air carrier flight slots were allocated: 37 flight slots to four commercial airlines - Alaska, America West, American Airlines and JetBlue; and four flight slots to cargo carriers - Airborne Express, Federal Express and United Parcel Service. In addition, America West operated one commuter flight, while Delta/SkyWest operated four commuter flight slots, out of the approved 25 commuter carrier flight slots. American Airlines left Long Beach Airport on April 2, 2006.

⁽³⁾ In fiscal year 2007, 41 air carrier flight slots were allocated: 37 flight slots to three passenger airlines - Alaska, JetBlue, and US Airways, and four flight slots to cargo carriers - Airborne Express/DHL, Federal Express and United Parcel Service. Of the 25 available commuter carrier flight slots, Delta/Skywest operated four and US Airways operated one. In late FY07, ExpressJet Airlines was allocated six commuter flight slots and commenced service in late 2007.

⁽⁴⁾ In fiscal year 2008, all 41 air carrier flight slots were allocated: 37 flight slots to three passenger airlines - Alaska, JetBlue, and US Airways, and four flight slots to cargo carriers - Airborne Express/DHL, Federal Express and United Parcel Service. Of the 25 available commuter carrier flight slots, Delta/Skywest operated five and US Airways operated one. In FY08, ExpressJet Airlines was allocated six commuter flight slots and was in operation from October 1, 2007, through September 1, 2008.

⁽⁵⁾ In fiscal year 2009 all 41 air carrier flight slots were allocated: 38 flight slots to three passenger airlines - Alaska, JetBlue, and US Airways, and three flight slots to cargo carriers - Federal Express and United Parcel Service. Of the 25 available commuter carrier flight slots, Delta/Skywest operated five and Horizon operated three.

Source: City of Long Beach Summary Financial Information Statement for Fiscal Year 2008-09.

Utilities

In 1931, a Charter amendment was passed which created the Board of Water Commissioners and authorized the City to join the Metropolitan Water District of Southern California. These decisions sought to ensure an adequate water supply for the City. Water and sewer services are provided by the Long Beach Water Department.

There are a number of utilities service providers operating in the City. Local telephone service is provided by Verizon and SBC. Electricity is distributed to the residents, organizations and businesses of Long Beach by Edison International. Electricity can be purchased from a number of electricity providers. Natural gas is provided by the Energy Department.

Education

The City is served by the Long Beach Unified School District, which provides primary and secondary educational instruction for approximately 86,207 students through the operation of 49 elementary schools, 27 junior high schools, 12 high schools, including one adult school. There are additionally five charter schools. Post-secondary education is available at Long Beach City College, a tax-supported two-year institution administered by the Long Beach Community College District. In addition to the lower division college program,

extensive adult education and trade school facilities are offered at Long Beach City College. Current total enrollment exceeds 29,665 per semester. California State University – Long Beach is located on a 320-acre site in the eastern portion of the City on land donated by the City. Opened in 1949 as Los Angeles-Orange County State College, the institution has been given university status and has a current enrollment of approximately 35,957 per semester. The University’s distinguished educational program offers various undergraduate and graduate degree programs. Enrollment in the educational system serving the City and its residents for the past 5 years is set forth below:

**TABLE B-9
City of Long Beach
Educational Enrollment**

<i>Year</i>	<i>Long Beach Unified School District</i>	<i>Long Beach City College*</i>	<i>California State University (Long Beach)</i>
2005	93,589	25,722	32,756
2006	90,663	26,308	33,344
2007	88,186	26,837	34,606
2008	87,499	28,372	35,850
2009	86,207	29,665	35,957

(1) Long Beach Unified School district Adopted Budget FY 2009-2010. 2009 is a projected number

(2) LBCC - College Facts - Fall 2009 College Facts

(3) CSULB - University Facts - Average Enrollment per Semester for 2008-2009

* Average enrollment per semester.

Source: City of Long Beach Summary Financial Information Statement for Fiscal Year 2007-08.

The City also serves as the permanent headquarters for the 23-campus California State University and College System. The California University and College System’s headquarters is located on a 6.4-acre site in the western portion of the City on land donated by the City. California State University Long Beach continues to be one of the most popular institutions in California. It has built a successful student recruitment program that continues to attract high-achieving students, while maintaining their historical commitment to access.

Community Facilities

Long Beach has four major community based hospitals and a Veterans Affairs Medical Center. The City operates the Main Library in the downtown Civic Center and eleven other branch libraries throughout the City. Four newspapers, three radio stations and a cable television system are also located in the City.

The City’s Parks, Recreation and Marine Department oversees the operation and maintenance of all Long Beach public recreational facilities, including approximately 25 community centers, approximately 55 sports fields for soccer, softball, baseball and flag football, approximately 50 park playgrounds, approximately 70 tennis courts and approximately 5 golf courses. The Department also administers the Municipal Band, Leeway Sailing Center, El Dorado Nature Center, Long Beach Museum of Art, Rancho Los Cerritos and Rancho Los Alamitos, the Belmont Veterans Memorial Pier, Rainbow Harbor and Rainbow Lagoon. The City’s Parks, Recreation and Marine Department maintains approximately 100 parks, devoted to open space and recreation, and six miles of beaches. Additionally, the Department operates three marinas with a combined approximate 3,800 boat slips.

The Department provides free and fee-based recreational programs and leisure opportunities, both self-directed and organized, for people of all ages and cultures. Youth

programs include free youth sports for ages 5 to 18 serving nearly 10,000 participants annually, summer and vacation day camps, 800 recreational and educational classes, sailing and aquatics instruction, teen center activities, skateboarding opportunities, and supervised after-school and weekend activities at parks, schools, and mobile recreation sites.

Adult recreation opportunities include sports leagues, tennis and golf facilities and instruction, and more than 2,000 recreational and self-improvement classes annually. Recreation programs and social services for seniors are offered at community centers. Family recreation opportunities include Long Beach Municipal Band concerts, cultural arts programs, environmental programs, citywide and neighborhood special events, boating facilities, as well as general park and beach use.

The Long Beach Convention and Entertainment Center stages productions of the Long Beach Symphony Association, the Long Beach Grand Opera, the Long Beach Symphony Chorus, the Theater Festival and the Community Concert Association.

APPENDIX C

**ANNUAL FINANCIAL REPORT OF THE AGENCY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

APPENDIX D
FISCAL CONSULTANT'S REPORT



KEYSER MARSTON ASSOCIATES

**FISCAL CONSULTANT REPORT
NORTH LONG BEACH
REDEVELOPMENT PROJECT AREA**

Prepared for the:

**REDEVELOPMENT AGENCY
OF THE CITY OF LONG BEACH**

March 23, 2010

**FISCAL CONSULTANT REPORT
NORTH LONG BEACH REDEVELOPMENT PROJECT AREA**

Prepared for the:

**REDEVELOPMENT AGENCY
OF THE CITY OF LONG BEACH**

Prepared by:

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

March 23, 2010

1. INTRODUCTION

Keyser Marston Associates, Inc. (KMA) has been retained as Fiscal Consultant to the Redevelopment Agency of the City of Long Beach (the Agency) to prepare this Report of the Fiscal Consultant analyzing the tax increment revenues of the North Long Beach Redevelopment Project Area (the Project Area). The California Community Redevelopment Law (CRL) provides for the creation of a redevelopment agency for the purpose of eliminating blight. To achieve this purpose, the CRL, along with Article 16, Section 16 of the California Constitution, authorizes the Agency to receive that portion of property tax revenue generated from the increase of the current year taxable values over the base year taxable values that existed at the time of adoption of a redevelopment project. This portion of property tax revenue is referred to as tax increment revenue. The CRL provides that the tax increment revenue may be pledged by the Agency for the repayment of Agency indebtedness.

This Fiscal Consultant Report has been prepared to reflect the tax increment revenues that would be allocable to the Agency beginning in the current 2009-10 fiscal year, based upon reported Project Area assessed values by the Los Angeles County Auditor-Controller. The projected taxable values and resulting tax increment revenues for the Project Area are based on assumptions determined by a review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of Los Angeles County.

This Report also includes a review of the Project Area's redevelopment plan limits and a review of the Project Area's historic assessed value trends, major property tax payers, distribution of assessed values by identified land use types, historic property tax allocations, and potential valuation impacts and tax refunds resulting from current assessment appeals.

2. REVIEW OF THE PROJECT AREA

2.1 Redevelopment Plan Time Limits

Existing redevelopment law requires the Agency to impose specific time limitations on the incurrence of debt, the redevelopment plan effectiveness and the collection of tax increment revenue to repay debt. The Project Area was adopted July 16, 1996, establishing a base year of FY 1995-96. The current limitations set forth in the redevelopment plan for the Project Area are as follows:

		<u>Bond Debt Limit</u>
Debt Incurrence	July 16, 2016	
Plan Effectiveness ¹	July 16, 2027	\$2,000,000,000
Debt Repayment ¹	July 16, 2042	

¹ The dates shown for the Redevelopment Plan effectiveness date and debt repayment date include a one-year extension allowed by SB 1045. The dates shown above may be extended by an additional year under AB 26-4x.

2.2 Review of Agency Obligations

a. Low and Moderate Income Housing Set Aside Requirement

The CRL requires redevelopment agencies to annually set aside 20% of all tax increment revenues into a Low and Moderate Income Housing Set Aside Fund. The set aside requirement could be reduced or eliminated if the redevelopment agency finds that: (1) no need exists in the community to improve or increase the supply of low and moderate income housing; (2) that some stated percentage less than 20% of the tax increment is sufficient to meet the housing need; or (3) that other substantial efforts, including the obligation of funds from certain local, state or federal sources for low and moderate income housing, of equivalent impact are being provided for in the community. It is assumed that the Agency will not make any such findings and will continue to set aside 20% of annual tax increment.

b. Statutory Pass Through

The North Project Area was adopted after the passage of AB 1290 and is therefore subject to the statutory pass through requirements of Health and Safety Code Section 33607.5 which provides for specific formulas for payments to be made by the Agency to affected taxing entities as follows:

- (1) from the first fiscal year in which the Agency receives tax increment through the last fiscal year in which the Agency receives the tax increment, the Agency shall pay to the affected taxing entities, including the community if the community elects to receive a payment, an amount equal to 25% of the tax increments received by the Agency after the amount required to be deposited in the Low and Moderate Income Housing Fund (the payment is referred to as the Tier 1 Statutory Pass Through);
- (2) commencing in the 11th fiscal year in which the Agency receives tax increments and continuing through the last fiscal year in which the Agency receives tax increments, the Agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the Tier 1 Statutory Pass Through and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21% of the portion of tax increments received by the Agency which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year value. The first adjusted base year value is defined to be the Project Area assessed value in the 10th fiscal year in which the Agency receives tax increment (the payment is referred to as the Tier 2 Statutory Pass Through); and

- (3) commencing in the 31st fiscal year in which the Agency receives tax increments and continuing through the last fiscal year in which the Agency receives tax increments, the Agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the Tier 1 and Tier 2 Statutory Pass Through payments and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14% of the portion of tax increments received by the Agency which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the second adjusted base year value. The second adjusted base year value is defined to be the Project Area assessed value in the 30th fiscal year in which the Agency receives tax increment (the payment is referred to as the Tier 3 Statutory Pass Through).

According to the County Auditor-Controller, the Tier 2 Statutory Pass Through commences in FY 2008-09 with the first adjusted base year value based on FY 2007-08 assessed value. The tax increment revenue projection summarized on Table 6 does not forecast a Tier 2 Statutory Pass Through because the current year FY 2009-10 assessed value is less than the FY 2007-08 first adjusted base year value and no increases in assessed value are forecast on Table 6. To the extent that actual subsequent fiscal year assessed values exceed the FY 2007-08 first adjusted base year value, then Tier 2 Statutory Pass Through payments will be paid by the Agency pursuant to the provisions of Section 33607.5.

c. County Administrative Fees

Chapter 466, Statutes of 1990, (referred to as SB 2557) permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. The County Auditor-Controller charged the Agency a Project Area fee of 1.47% of the gross tax increment revenue for FY 2009-10 (or approximately \$653,000). The projection assumes that the County administrative charge will continue to be debited against annual tax increment and be equal to 1.47% of gross tax increment. The County also charges a significantly smaller administrative fee allowed under AB 1924 in the amount of \$480 per redevelopment project area.

3. REVIEW OF PROJECT ASSESSED VALUES

3.1 Current Year Assessed Values

The Project assessed values are prepared by the County Assessor and, until the 1996-97 fiscal year, have reflected a lien date of March 1. Commencing with the 1997-98 fiscal year, the property tax lien date was changed to January 1. Each property assessment is assigned a unique Assessor Parcel Number (APN) which correlates to assessment maps prepared by the County. The corresponding assessed values for each parcel are then encoded to Tax Rate Areas (TRAs) which are geographic subareas with common distribution of taxes and which are contained within the Project Area boundaries.

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the Assessor for properties within the boundaries of the Project Area. This results in the reported total current year assessed value and becomes the basis for determining tax increment revenues due to the Agency. The reported values of the Project Areas for FY 2009-10 are as follows:

	<u>FY 2009-10 Value</u>	<u>% Total</u>
Secured Property	\$5,141,820,265	68.51%
Secured Possessory Interest ²	1,473,012,632	19.62%
Secured Mineral Rights	1,519,347	0.02%
Secured State Non-Unitary	3,779,482	0.05%
Unsecured Property	<u>885,865,930</u>	<u>11.80%</u>
Total North Project Area	\$7,505,997,656	100.00%

Secured Property (including Secured Possessory Interest, Secured Mineral Rights and Secured State Non-Unitary assessed values) includes property on which any property tax levied by the County becomes a lien on that property. Unsecured Property typically includes the value of tenant improvements, trade fixtures, personal property and possessory interest. Unsecured Property values reflect depreciation factors on the useful life of the tenant improvements, trade fixtures and personal property of the assessee. The taxes levied on Unsecured Property are levied at the previous year's Secured Property tax rate.

3.2 Real and Personal Property

Real Property, as referred to in this Report, is defined to represent land and improvement assessed values on both the Secured and Unsecured property tax rolls of the County Assessor. Annual increases in the assessed value of Real Property are limited to an annual inflationary increase of up to 2%, as governed by Article XIII A of the State Constitution (passed by voters as Proposition 13). Real Property values are also permitted to increase or decrease as a result of a property's change of ownership or new construction activity. The assessed value of

² A suspected misplacement of \$169,396,572 in Possessory Interest value assessed to Chevron USA Inc. has been excluded from the FY 2009-10 value. The Agency had indicated that the identified misplacement is outside of the Project Area.

Personal Property is not subject to the Proposition 13 inflation factor and is subject to annual appraisal, either upward or downward. State assessed Non-Unitary properties assessed by the State Board of Equalization (SBE) also may be revalued annually and such assessments are not subject to the annual 2% inflation limitation of Article XIII A. As discussed below, the assessed value of taxable property is subject to reduction under certain conditions.

For property tax purposes, the Proposition 13 inflation factor is subject to the State's Consumer Price Index (CPI) inflation adjustment of up to 2% per year. The CPI adjustment is based on the change in the CPI from October to October. As of the January 1, 2010 property tax lien date for FY 2010-11, the Proposition 13 property tax assessments will be reduced due to a reported negative CPI inflation adjustment of -0.237%. This will be the first time since the passage of Proposition 13 that the CPI adjustment will be reported as a negative. The annual CPI factor has been less than 2% only five other times since the enactment of Proposition 13:

1983-84	1.000%
1995-96	1.194%
1996-97	1.115%
1999-00	1.853%
2004-05	1.867%

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the Assessor for properties within the boundaries of the Project Area. This results in the reported total current year assessed value and becomes the basis for determining tax increment revenues due to the Agency. In FY 2009-10, secured properties account for over 88% of the total assessed value of the Project Area and unsecured properties account for approximately 12% of assessed value.

3.3 Proposition 8 Temporary Decline In Value

In 1978 a Constitutional amendment was passed by the California voters (Proposition 8) that provides for a temporary reduction in assessed value when the Proposition 13 value of a property exceeds its actual market value. The property owner is entitled to the lower of two values: (1) the property's existing Proposition 13 value, which is the purchase price and/or the cost of new construction, annually adjusted for inflation not to exceed 2% per year; or (2) the property's market value as of the January 1 property tax lien date. Once this temporary reduction in assessed value has been granted by the County Assessor, the Assessor must review the property's value annually until it is fully restored to its Proposition 13 value. Depending on the market value determined by such future reviews, the assessed value may be further adjusted, left unchanged, be partially increased or be fully restored to its Proposition 13 value.

As a result of the declining market value of residential properties in the County, commencing in 2008 the Assessor's office began a proactive review of single-family residences

and condominiums based on an analysis of residential market trends to determine whether or not such parcels qualified for the temporary decline in value adjustment. Single-family residences and condominiums purchased between July 1, 2004 and June 30, 2007 were included in this review in 2008. Then in 2009, the Assessor expanded its proactive review to include single-family residences and condominiums purchased between July 1, 2003 and June 30, 2008. The review included 473,000 residential parcels County-wide, resulting in a temporary decline in value involving approximately 333,000 parcels. According to the Assessor, the average adjustment in assessed value was \$120,000. County database information as to how many residential parcels in the Project Area were involved in the adjustment was not available to KMA. For 2010, the Assessor's office will proactively review the value of single-family residences and condominiums purchased between July 1, 2003 and June 30, 2009 that were not previously reviewed and granted the temporary decline in value adjustment. Beginning March 1, 2010, property owners will then be able to check with the Assessor's office to determine whether or not their property was included in the review. By June 30, 2010, the Assessor anticipates that its review will be completed and the results will be posted for the FY 2010-11 secured tax roll.

3.4 Mineral Rights

Mineral Rights values represent the assessment of oil and gas producing properties within a Project Area and constitute \$1.5-million in assessed value. The County Assessor appraises Mineral Rights using the income approach to value in which the anticipated net income stream over the remaining productive life of the property is converted into a capital sum. Typically, the net income stream is a declining one since the economic life of the property is not perpetual. Economic life of an oil or gas producing property is determined when the operating expense curve and the income curve meet, so determining the life of the field being assessed. Economic life of Mineral Rights is also affected by other external factors including market price and demand, the costs of operation and extraction, and the investment of capital into new technologies to increase production, Mineral Rights values could increase from current year levels to the extent the productive life of the respective oil fields is extended as a result of the discovery of new deposits, improved extraction technology or the rising market price of oil. Similarly, declines in Mineral Rights values could occur if these factors are not present in future years.

3.5 Possessory Interest

Possessory Interest values are private property interests in publicly-owned Real Property and constitute \$1.47-billion or nearly 20% of the Project Area's assessed value. A Possessory Interest constitutes a private right to the possession and use of publicly-owned property for a period of time less than perpetuity, in this case, all of the container terminal leases represented by the area of the Project Area in the Port of Long Beach. In appraising a Possessory Interest, the County Assessor seeks to value the present worth of the return a property will yield to the holder of the Possessory Interest over the effective term of their possession. The County Assessor appraises the Possessory Interest using one of more of the

following appraisal techniques: the sales comparison, the income approach or the cost approach. The appraisals are initially triggered when a new lease is entered into and then re-audited by the Assessor every three to five years thereafter.

3.6 Base Year Assessed Value

Commencing with FY 2007-08, the Los Angeles County Auditor-Controller has adopted an internal administrative policy to annually review and revise the Base Year assessed values of redevelopment project areas to the extent that properties within a redevelopment project area are acquired for public uses by tax-exempt public taxing agencies. The precedent for this action stems from the 1963 case of *Redevelopment Agency of the City of Sacramento vs. Malaki*, 216 Cal.Appl.2d 480, and subsequent related cases. In the Project Area, the Base Year assessed value historically remained constant until FY 2007-08, from which point the County has annually adjusted the Base Year assessed values, resulting in an adjustment of \$8,113,388 from the originally reported Base Year when the Project Area was adopted. This adjustment results in an \$81,134 increase in annual gross tax increment revenues from the Project Area.

	<u>Total Base Value</u>
FY 2006-07	\$3,104,508,715
FY 2007-08	3,103,192,950
FY 2008-09	3,103,980,865
FY 2009-10	3,096,395,327

This Base Year value includes \$57,665,527 in Homeowner's Exemption (HOX) value reported for Project Area. In practice, the County reports the annual and base year values net of HOX and makes a single year-end revenue allocation to the Agency derived from the current and base year HOX value. Since the Agency is eligible to receive any tax increment derived from the HOX value, all of the values used to calculate tax increment revenues in this Report are values inclusive of the HOX value.

3.7 Historic Assessed Values

Aggregated historic to current year Project Area values are summarized on Table 1 covering fiscal years 2004-05 to 2009-10. The historic to current year taxable values reflect an average annual increase of 6.3% for the period as reported. The Secured values, which comprise 88% of the total reported value, reflected an average 6.9% annual increase for the period. The Unsecured values comprise a smaller share of the Project Area's total assessed value (12%) and reflect declines in value as a result of depreciation factors or tenant relocations out of the Project Area, as well as increases in value as new tenants move into the Project Area. Unsecured values were observed to increase an average of 2.2% over the period.

3.8 Land Use Composition

As shown on Table 2, KMA analyzed the composition of land uses vis-à-vis assessed value for the Project Area using the County Assessor's tax roll classification system. The assessed values of the Project Area are generally spread between residential and commercial uses. Secured residential property uses represent 47% of the total Project Area value in FY 2009-10, with possessory interest values accounting for nearly 20%. Secured commercial uses represent 11% and industrial uses account for 9%. Unsecured values comprised 12% of the overall value.

3.9 Ten Largest Taxpayers

The ten largest property owners in the Project Area were identified by KMA based upon a review of the FY 2009-10 locally assessed secured and unsecured valuations reported by the County Assessor. The aggregated secured, possessory interest and unsecured assessed values of the identified ten largest tax payers are shown on Table 3 and include the assessee name, parcel count, FY 2009-10 assessed value, percentage share of the Project Area value and percentage share of the incremental value, and an estimate of the tax refund exposure due either to an identified current year or prior year assessment appeal filing.

The ten identified assessees represent 25.7%, or \$1,927,681,632 of the total Project Area assessed value for FY 2009-10. The value of the top ten taxpayers is primarily represented by Possessory Interest values which account for \$1,327,713,665 (69%) of the total top ten taxpayer assessed values, followed by \$395,689,583 (21%) in Unsecured value and \$204,278,384 (11%) in Secured value. When compared against the incremental assessed value, the ten assesses represent 43.7% of the Project Area incremental value. The ten largest property owners identified in this analysis are highlighted as follows:

1. **Total Terminals** - Located on Pier T, this 380-acre container terminal has a long-term 25-year lease with the Port of Long Beach (Port) that commenced in 2002. Operating under the name Total Terminals International, the pier contains fourteen 65-ton gantry cranes and handles general containerized cargo. No appeal to the assessed value of this Possessory Interest was reported for FY 2009-10, although appeals were filed in FY 2007-08 to FY 2008-09 (refer to Table 3 footnote for potential tax refund exposure on the prior year filings if the applicant's opinion of value prevails).
2. **International Transportation Services (ITS)** - Located on Pier G, this 246-acre container terminal has a long-term 20-year lease with the Port that commenced in 2006. Operating under the name International Transportation Service, Inc., the pier contains seven gantry cranes, with capacities ranging from 30-tons to 60-tons, and handles general containerized cargo. The Port is in the planning stage to invest \$800-million in the redevelopment of the Pier G facilities. An appeal of the assessed value of this Possessory Interest was filed in FY 2009-10 and is pending a hearing

from the Assessment Appeals Board. If the applicant's opinion of value prevails, then the potential tax refund exposure to the Project Area is estimated to be \$2,305,000. In addition, the applicant has filed appeals in FY 2007-08 to FY 2008-09 (refer to Table 3 footnote for potential tax refund exposure on the prior year filings if the applicant's opinion of value prevails).

3. Pacific Maritime Services LLC - Located on Pier J, this 256-acre container terminal has a long-term 20-year lease with the Port that commenced in 2002. Operating under the name Pacific Maritime Services, the pier contains sixteen gantry cranes, with capacities ranging from 40-tons to 60-tons, and handles general containerized cargo. No appeal to the assessed value of this Possessory Interest was reported for FY 2009-10, although appeals were filed in FY 2005-06 through FY 2008-09 (refer to Table 3 footnote for potential tax refund exposure on the prior year filings if the applicant's opinion of value prevails).
4. Hughes Aircraft Company - This 30-acre site contains offices and parking in an office and industrial park situated at the northwest corner confluence of the San Diego 405 Freeway and the Long Beach 710 Freeway. No appeal was reported for FY 2009-10.
5. Toyota Motor Credit Corporation/ TABC Inc./ Catalytic Component Products Inc. - Toyota operates its vehicle importing and processing facilities at the Port, located on Pier B (in the West Long Beach Industrial Redevelopment Project Area). However, two parcels totaling 28 acres are owned by Toyota Motor Credit Corp. and TABC Inc. and are located in the Project Area at the southwest corner of Artesia and Paramount. TABC Inc. and Catalytic Component Products Inc. are manufacturing subsidiaries of Toyota responsible for the processing of vehicle catalytic converters, steering columns and stamped parts. No appeal was reported for FY 2009-10.
6. Long Beach Container Terminal - Located on Pier F, this 102-acre container terminal has a long-term 25-year lease with the Port that commenced in 1986 and will end in 2011. Operating under the name Long Beach Container Terminal, Inc. (LBCT), the pier contains seven gantry cranes and handles general containerized cargo. Pier F is situated in the Port's Middle Harbor expansion plan. Several options are being considered by the Port to accommodate LBCT either in its present Pier F location or be relocated to another temporary pier. No appeal was reported for FY 2009-10.
7. ARCO Terminal Services Corporation - This 66-acre vacant parcel located northwest of the intersection of Paramount Boulevard and South Street contains twenty petroleum storage tanks. No appeal was reported for FY 2009-10.
8. Oxbow Carbon and Minerals LLC - Located on four pad locations leased from the Port, this company is responsible for the storage and exportation of petroleum coke,

a by-product of petroleum refining used for fuel. Each pad location has long-term leases ranging from 20-years to 40-years. No appeal was reported for FY 2009-10.

9. Carnival Corporation - Represents two leasehold interests, one with a City-owned parking site within the Project Area and the other with the Harbor Department for wharfage adjacent to the Spruce Goose Dome. No appeal was reported for FY 2009-10.
10. Metropolitan Stevedore Company, Inc. - Located on Pier G, this 23-acre site has a long-term lease dating back to 1981 for the loading of dry bulk cargo, including petroleum coke, coal, potash, borax, sodium sulfates, soda ash and prilled sulfur. Operating under the name Metro Ports, the pier contains 2 electric travelling bulk shiploaders and various conveyor systems. No appeal to the assessed value of this Possessory Interest was reported for FY 2009-10, although appeals were filed in FY 2006-07 through FY 2008-09 (refer to Table 3 footnote for potential tax refund exposure on the prior year filings if the applicant's opinion of value prevails).

4. TAX ALLOCATION AND DISBURSEMENT

4.1 Tax Rates

The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of \$1.00 per \$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% (\$1.00 of \$100 taxable value) in accordance with Article XIII A. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988. Based upon the anticipated FY 2009-10 tax increment revenue forecast by the County Auditor-Controller relative to the incremental assessed value of the Project Area, KMA estimates the tax override rate to be a relatively low at 1.004292% in FY 2009-10. Therefore, for purposes of this projection, this computed rate has been incorporated in the tax increment revenue forecast for subsequent fiscal years.

4.2 Allocation of Taxes

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the lien date for property within the boundaries of the Project Area. This results in the reported total current year Project Area taxable value and becomes the basis for determining tax increment revenues due to the Agency. Tax increment revenue is disbursed to the Agency based upon actual collections within the Project TRAs. Although adjustments to taxable values for property

within the Project Area may occur throughout the fiscal year, such adjustments are not assumed in the tax increment projection prepared by KMA.

The secured tax revenues are disbursed beginning in December with a 35% advance payment followed by a 5% advance in January. A reconciliation payment reflecting actual first installment collections is made in February. In April, 75% of the total levy is disbursed to the Agency, followed by a reconciliation payment in May reflecting actual second installment collections. Final payments are generally allocated in August. In prior years, over-allocations were deducted from the next year's allocation, although in August 2008 the County made a direct demand to the Agency for an Agency-wide overpayment rather than debit the subsequent year's allocation. The unsecured tax increment revenues are advanced in November and March of each year with final reconciliation payments made in August.

4.3 Tax Receipts to Tax Levy

Tax increment revenues are allocated to the Agency based upon actual tax collections received in the Project Area. To estimate the percentage of collected taxes in a given Project, a comparison of computed tax levy to actual tax receipts was conducted by KMA. This comparison, summarized on Table 4, was reviewed for FY 2004-05 to FY 2008-09. The annual tax collection rates include both secured and unsecured taxes and are shown in two comparisons:

- 1) Percent collected from only current year tax levies (i.e. tax increment generated in the current fiscal year based upon initially reported equalized assessed values).
- 2) Percent collected from all annual tax levies received by the Agency (including supplemental taxes, prior year redemptions, as well as tax refunds due to appeals, mid-year roll adjustments and administrative charges).

The collection of current year tax levies over the past five years for the Project Area averaged 96%. Over the course of a fiscal year, the Agency is allocated redemption payments from previously delinquent taxes and supplemental tax revenues. The Auditor-Controller also debits or credits the Agency with mid-year adjustments due to refunds on appeals, Assessor roll corrections and administrative charges. The resulting average collections rate based upon all annual tax allocations over the period was 7.6% greater than the computed levy for the Project Area. Given the foregoing, the Table 6 tax increment revenue projection does not reflect any adjustments for future collections being less than 100% of the computed levy.

5. ASSESSMENT APPEALS

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County

Assessment Appeals Board (AAB) for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project taxable values and the refund of taxes affects all taxing entities, including the Agency.

In prior years, the filing period for filing decline-in-value reviews was January 1 through December 31. However, effective January 1, 2010, the County Assessor has announced that decline-in-value requests will now begin on June 1 through November 30, which will mark the last day a property owner can file for an assessment appeal with the County.

As stated in Section 3.3 above, beginning in 2008 and continuing in 2010, the County Assessor has proactively reviewed the value of single-family residences and condominiums purchased between July 1, 2003 and June 30, 2009. Beginning March 1, 2010, the Assessor will identify which parcels are under review and by June 30, 2010, the Assessor anticipates that its review will be completed and the results will be posted for the FY 2010-11 secured tax roll. These County-wide reviews and temporary decline in value reductions may result in fewer individual assessment appeal filings of single-family residential and condominium property assessments.

5.1 Estimated Value Reductions

KMA researched the status of assessment appeals filed by property owners in the Project Area based upon the latest information available from the County AAB database as of January 19, 2010 representing appeal records as of the Fourth Quarter 2009. The County has informed KMA that this database does not include all appeals filed for FY 2009-10 due to a backlog of appeals being processed. A subsequent First Quarter 2010 release of the database will be issued in April 2010 and will likely include additional filings not appearing in the current database.

The Table 5 summary contains the application number, secured parcel number or unsecured bill number, tax roll year, applicant name, contested value, applicant opinion of value, assumed resolved value, the projected value reduction and the resolution assumption incorporated by KMA. Unless a particular pattern from parcel-specific prior year filings is seen, it is difficult to project with any degree of certainty which appeal filings would ultimately be withdrawn, denied, invalidated or revoked due to non-appearance. Therefore, the projected tax refunds and valuation reductions shown on Table 5 assume that all outstanding appeals will be subject to a reduction based upon one of several methods listed below:

1. If the parcel assessment was reduced by prior stipulation or Appeals Board action, the contested value was reduced to the reported resolved value.
2. If the applicant, in prior fiscal year appeal filings, withdrew an appeal or failed to appear for a scheduled hearing or was denied the appeal request by the Appeals

Board, it was assumed that the same would occur with respect to the open appeals being filed by the applicant.

For all other appeal records, the following assumptions listed below were incorporated in the analysis.

1. For contested Secured property values a reduction to the greater of either the applicant's opinion of value or 86% of the contested value was used (this 14% reduction was determined from the average percentage reduction experienced by a sampling of 425 stipulated secured appeals in the entire City from 2004 to 2008).
2. For contested Secured Possessory Interest property values a reduction to the greater of either the applicant's opinion of value or 68% of the contested value was used (this 32% reduction was determined from the average percentage reduction experienced by a sampling of 45 stipulated possessory interest appeals in the entire City from 2004 to 2008).
3. For contested Unsecured property values a reduction to the greater of either the applicant's opinion of value or 79% of the contested value was used (this 21% reduction was determined from the average percentage reduction experienced by a sampling of 161 stipulated unsecured appeals in the entire City from 2004 to 2008).

5.2 Estimated Fiscal Impact

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year tax increment allocations. As shown on Table 5, if all of the open appeals were stipulated to the assumed values reflected on Table 5 (after the adjustments described in Section 5.1 above), then the projected tax refunds debited against FY 2009-10 revenues is estimated to be \$8,922,000. The subsequent assessed value reductions to the future FY 2010-11 tax roll amounts to a value reduction of \$637.6-million for all open appeals. However, actual resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the projection. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other than the stated opinion of value.

5.3 Actual Appeal Filing Outcomes

The intentional decision to assume that every identified appeal shown on Table 5 will result in an assessed value reduction and tax refund is a very conservative approach, given

that, historically, not every filed appeal has resulted in an assessed value reduction. To measure the historic patterns of success rates from appeals filed in the Project Area, KMA conducted a database extraction of assessment appeal records for the Project Area. A total of 678 records for the period ranging from FY 2004-05 to FY 2008-09³ were identified. Based upon the distribution of appeals shown on the table below, historic statistical patterns between FY 2004-05 and FY 2008-09 indicate that 18% of all appeal filings were reduced or stipulated, while 65% of all filed appeals subsequently were withdrawn, denied, deemed invalid or the applicant fails to appear.

<u>Fiscal Year</u>	<u>Total Filings</u>	<u>Stipulated or Reduced</u>	<u>Denied, Invalid, Withdrawn or Non-appearance</u>	<u>Open Appeals</u>
2009-10	86	---	5 5.8%	81 94.2%
2008-09	334	71 21.3%	198 59.3%	65 19.5%
2007-08	87	11 12.6%	58 66.7%	18 20.7%
2006-07	81	9 11.1%	57 70.4%	15 18.5%
2005-06	71	16 22.5%	49 69%	6 8.5%
2004-05	105	18 17.1%	82 78.1%	5 4.8%
Combined 2004-05 – 2008-09	678	125 18.4%	444 65.5%	109 16.1%

5.4 Actual Overall Net Value Impact

A secondary historic analysis was conducted from the Project Area parcel extraction to determine the assessed valuation reduction impact experienced from all prior year secured and unsecured resolved filings (excluding any appeals with an “open” status designation, which therefore would exclude the FY 2009-10 filings). The average percentage reductions of assessed values resulting from stipulated appeals, combined with the unchanged assessed values from appeals withdrawn, denied, deemed invalid or not heard because of the non-appearance by the applicant, are reflected in the table below. The corresponding contested and resolved values⁴ were then aggregated and the average percentage reductions were determined. The resulting historic percentage reductions experienced for the period analyzed are as follows:

³ For purposes of this statistical comparison, appeal records for FY 2009-10 are still in the midst of being reviewed and input by the County and therefore reflect an incomplete fiscal year of appeal comparables for inclusion in this statistical review.

⁴ The resolved value of appeals withdrawn, denied, invalid or a no show is the same as the value contested since no reduction was approved by the Assessment Appeals Board.

<u>Fiscal Year</u>	<u>Resolved Records</u>	<u>Resolved & Closed Records</u>	<u>Contested Value</u>	<u>Resolved Value</u>	<u>% Reduction</u>
Secured					
2008-09	70	249	252,574,151	237,434,444	6.0%
2007-08	3	46	228,166,123	224,106,782	1.8%
2006-07	2	42	593,844,068	590,111,333	0.6%
2005-06	4	32	1,193,072,816	1,138,303,246	4.6%
2004-05	<u>6</u>	<u>57</u>	<u>1,338,241,347</u>	<u>1,323,787,911</u>	<u>1.1%</u>
Combined	85	426	\$3,605,898,505	\$3,513,743,716	2.6%

<u>Fiscal Year</u>	<u>Resolved Records</u>	<u>Resolved & Closed Records</u>	<u>Contested Value</u>	<u>Resolved Value</u>	<u>% Reduction</u>
Unsecured					
2008-09	1	20	52,730,797	50,351,912	4.5%
2007-08	8	23	216,971,528	191,046,504	11.9%
2006-07	7	24	423,548,450	391,722,846	7.5%
2005-06	12	33	325,283,050	293,930,707	9.6%
2004-05	<u>12</u>	<u>43</u>	<u>325,302,185</u>	<u>305,543,548</u>	<u>6.1%</u>
Combined	40	143	\$1,343,836,010	\$1,232,595,517	8.3%

For the historic period reviewed, properties that were the subject of assessment appeal filings in the Project Area only resulted in an overall average net secured value reduction of 2.6% and an overall average net unsecured value reduction of 8.3%. Therefore, the projected assessed value reductions and tax refunds estimated for this review and utilizing the approach discussed in Section 5.1 above, represents a worst case scenario for the Project Area.

6. TAX INCREMENT REVENUE PROJECTION

6.1 New Development Value Added

New developments occurring in the Project Area have been identified by Agency staff for inclusion in the tax increment revenue projection. The estimate of assessed values added to the Secured tax roll as a result of the completion of the identified new developments are presented below. The amount of new assessed values is assumed to be as of the January 1st lien date. The assessed valuations are based on cost estimates provided by Agency staff and only reflect significant Agency-identified projects nearing completion. Additional new development value could be added for small scale projects and transfers of ownership that may occur throughout the Project Area, but these are not assumed in the Table 6 tax increment revenue projection.

<u>Identified New Development</u>	<u>Projected Value Added</u>	<u>Tax Year Value May Appear</u>
Weber Metals - Industrial Forge	\$4,086,000	FY 2012-13
ITS Rail Yard – Office	<u>55,000,000</u>	FY 2013-14
Secured Real Property Value Added	<u>\$59,086,000</u>	

Weber Metals – The development of a 33,000-square-foot industrial building with an accompanying 3,500-square-foot grinding canopy and 1,000-square-foot storage canopy is underway at this 10-acre industrial site operated by Weber Metals. The construction of the foundation is underway and construction of the proposed improvements is pending approval by the City. KMA estimates that completion will occur in 2011.

ITS Rail Yard – As discussed in Section 3.9 above, the Port of Long Beach is undertaking an \$800-million renovation of the ITS terminal located at Pier G. Currently under construction is a \$55-million development of new administration and operations buildings. The multi-phased expansion and redevelopment plan will eventually include not only the administration and operations buildings, but the development of maintenance and repair facilities, the doubling of rail capacity, the filling-in of the north end of the pier and the repaving of over 200 acres of the terminal site. Completion of the administration and operations buildings is anticipated in early 2012 and the value of the completed development is expected to be incorporated into the Port’s rent adjustment with ITS.

6.2 Unitary Tax Revenue

Commencing in 1988-89, the reporting of public utility values assessed by the SBE was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-wide and was allocated according to the location of individual components of a utility in a TRA. Hence, public utility values located within a project area were fully reflected in the Project Area’s annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a County-wide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

Unitary tax revenues are distributed by the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount of revenue as in the previous year, allocation of the taxes would be reduced pro-rata County-wide; and (3) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity’s local secured taxable values are distributed to the local secured taxable values of the County. According to the tax remittance advice ledger of the County Auditor-Controller, the

Agency is expected to be allocated \$49,166 in Unitary tax revenues in FY 2009-10. For purposes of this projection, it is assumed that the Unitary tax revenues will stabilize at this amount thereafter.

6.3 Supplemental Assessments

Supplemental assessments are authorized under Chapter 498 of the Statutes of 1983, which provides that property may be reassessed upon the occurrence of a change of ownership or completion of new construction. The supplemental assessment reflects the difference between the new value and old value. Prior to the enactment of Chapter 498, property reassessments occurred only on the lien date next following the change in ownership or new construction. The supplemental tax (if there is a resulting increase in value) or the supplemental refund (if there is a resulting decrease in value) is determined by applying the current year tax rate to the amount of supplemental assessment and prorating the resulting tax based upon the number of months remaining in the current fiscal year and, in certain instances, in the forthcoming fiscal year.⁵

The tax revenues or refunds derived from supplemental assessments are allocated to redevelopment agencies on a monthly basis and incorporated in the tax payments prepared by the County Auditor-Controller. Future new developments or property transfers occurring in the Project Area could likely result in supplemental tax revenues being allocated to the Agency. However, due to their nature as one-time occurring revenues, supplemental taxes can be a relatively minimal revenue source to the Agency to the extent no new developments or transfers of ownership are occurring in the Project Area. In addition, pursuant to conversations with County Tax Collector staff, the receipt of supplemental taxes by the Agency can be delayed by as much as six to nine months after a property transfer or construction.

Supplemental taxes are prorated by the number of months that remain in the fiscal year. However, the City's projection of future new developments occurring in the Project Area did not contain specific completion months, making an annual supplemental tax estimate difficult to project. Therefore, for purposes of the projection, KMA has not included any revenues in the tax increment projection resulting from future supplemental assessments. Supplemental tax revenues are subject to the annual tax increment revenue limits imposed by the Redevelopment Plan.

6.4 Tax Increment Revenue Projection

Property tax revenues in excess of the amount resulting from the valuation shown on the assessment roll for the base year value of the Project Area are referred to as tax increment. The base year for a project area represents the fiscal year in which taxable property was last equalized prior to the effective date of the ordinance approving the redevelopment plans for the respective redevelopment projects.

⁵ Two supplemental assessments would occur in instances where a change in ownership or a new construction occurs between the January 1 lien date and May 31st.

The projections of tax increment revenues shown on Table 6 are based upon the FY 2009-10 assessed values and base year assessed values reported by the County Auditor-Controller. The projection is separated into Real Property value, Possessory Interest value and Personal Property value. No growth assumptions have been made to the projection on Table 6. Net tax increment revenue represents the gross tax increment revenue less the County's administrative fees, Housing Set Aside and statutory pass through payments.

6.5 SERAF

The California State Legislature adopted Assembly Bill 26-4x to take \$1.7-billion from local redevelopment funds in FY 2009-10 and an additional \$350-million in FY 2010-11, and shift the tax increment funds to the Supplemental Education Revenue Augmentation Fund (SERAF) to offset State deficits to K-12 schools and community college districts. According to Agency staff estimates (pursuant to estimates provided by the California Director of Finance) the Agency's FY 2009-10 SERAF exposure is \$29,516,137, from which Agency staff estimate that the Project Area would contribute \$10,149,308. For FY 2010-11, the Agency's exposure is \$6,070,996, from which it is estimated that the Project Area would contribute \$2,750,824. The potential SERAF payment contributions from the Project Area are determined at the discretion of the Agency Board and subject to modification. For purposes of this analysis, the Project Area's current SERAF exposure each year has been included in the Table 6 revenue projection.

A lawsuit filed with the Sacramento Superior Court by the California Redevelopment Association has challenged the constitutionality of AB 26-4x and is awaiting a decision. Until a decision or injunction to AB 26-4x is handed down, the Agency has a potential exposure to the SERAF demand by the State. If the Agency is required to make the FY 2009-10 SERAF payment, then the funding would come from a borrowing of the FY 2009-10 housing set aside and any balance may be funded from a borrowing against the Housing Fund itself. The amount borrowed from the FY 2009-10 housing set aside and any Housing Fund balance would have to be repaid, on a basis subordinate to Agency debt obligations, before FY 2014-15 as allowed under AB 26-4x. The borrowing and repayment assumptions anticipated under such a scenario are reflected on Table 6. Future year demands from the State are not assumed in the projection.

7. CAVEATS

The projection reflects assumptions based on KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or administrative, regulatory or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that Unitary tax revenues will continue to be allocated in the manner discussed herein and that legislatively-mandated payments to the State will not be required in future fiscal

years. These assumptions are based on existing State policies and are subject to future regulatory or legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment revenues shown on Table 6. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, changes in assessor valuation standards, or the non-payment of taxes due. The accuracy or completeness of assessment appeals identified in the attached table are based solely upon information provided by the County Assessor's office as of the date of the original review of said data by KMA.

Attachment

Table 1
Historic Project Area Assessed Values
North Long Beach Redevelopment Project
Long Beach Redevelopment Agency

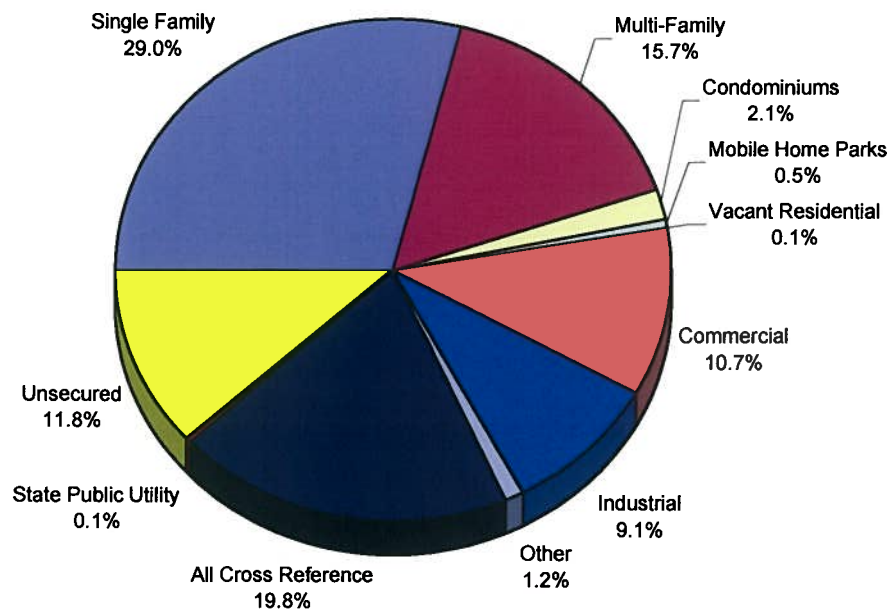
	2004-05	2005-06	2006-07	2007-08	2008-09 (1)	2009-10 (2)	Average Annual Growth
I. Secured:							
Land	2,524,169,220	2,890,426,504	3,326,838,516	3,646,040,113	4,081,365,523	3,829,774,674	8.70%
Improvements	2,300,450,158	2,542,941,693	2,656,723,391	2,880,962,435	2,955,067,946	2,881,715,262	4.61%
Personal Property	34,465,843	33,324,556	36,521,522	37,027,528	30,120,743	35,180,424	0.41%
Less Exemptions	112,835,950	112,327,369	118,656,467	111,579,622	129,757,275	130,318,116	2.92%
Total Secured	4,746,249,271	5,354,365,384	5,901,426,962	6,452,450,454	6,936,796,937	6,616,352,244	6.87%
II. Utilities:							
Land	1,134,421	1,131,969	1,108,542	898,796	898,796	898,811	-4.55%
Improvements	189,020	187,419	169,041	2,880,671	2,880,671	2,880,671	72.42%
Personal Property	101,581	100,538	90,435	0	0	0	-100.00%
Less Exemptions	0	0	0	0	0	0	0.00%
Total Utilities	1,425,022	1,419,926	1,368,018	3,779,467	3,779,467	3,779,482	21.54%
III. Unsecured:							
Land	0	0	0	0	0	0	0.00%
Improvements	373,634,635	492,408,281	484,266,496	562,867,299	444,675,175	429,843,553	2.84%
Personal Property	422,272,574	476,160,722	501,312,718	509,428,294	483,596,204	478,001,782	2.51%
Less Exemptions	3,086,150	4,521,932	3,886,406	4,081,060	16,041,598	21,979,405	48.09%
Total Unsecured	792,821,059	964,047,071	981,692,808	1,068,214,533	912,229,781	885,865,930	2.24%
IV. Project Value:							
Land	2,525,303,641	2,891,558,473	3,327,947,058	3,646,938,909	4,082,264,319	3,830,673,485	8.69%
Improvements	2,674,273,813	3,035,537,393	3,141,158,928	3,446,710,405	3,402,623,792	3,314,439,486	4.39%
Personal Property	456,839,998	509,585,816	537,924,675	546,455,822	513,716,947	513,182,206	2.35%
Less Exemptions	115,922,100	116,849,301	122,542,873	115,660,682	145,798,873	152,297,521	5.61%
Total Project	5,540,495,352	6,319,832,381	6,884,487,788	7,524,444,454	7,852,806,185	7,505,997,656	6.26%

(1) Adjusted to remove overstated Possessory Interest value misplacement of \$170,030,923 assessed to parcel 8940-759-594 (Chevron USA Inc).

(2) Adjusted to remove overstated Possessory Interest value misplacement of \$169,396,572 assessed to parcel 8940-759-594 (Chevron USA Inc).

Table 2
Values by Use
North Redevelopment Project Area
Long Beach Redevelopment Agency

Use	Parcels	Total AV	Percentage
1 Single Family	11,129	2,174,089,507	28.96%
2 Multi-Family	3,205	1,179,434,690	15.71%
3 Condominiums	814	155,386,951	2.07%
4 Mobile Home Parks	12	36,216,374	0.48%
5 Vacant Residential	192	6,761,362	0.09%
6 Commercial	1,278	803,736,648	10.71%
7 Industrial	384	686,629,042	9.15%
8 Agricultural	3	3,713,042	0.05%
9 Recreational	16	43,004,114	0.57%
10 Institutional	79	40,443,765	0.54%
11 Miscellaneous Uses ¹	288	659,558	0.01%
12 Possessory Interest	70	1,473,012,632	19.62%
13 Mineral Rights	2	1,519,347	0.02%
14 Other Assessments ²	509	11,745,212	0.16%
15 State Public Utility	--	3,779,482	0.05%
16 Unsecured	--	885,865,930	11.80%
17 Total AV	17,981	7,505,997,656	100.0%



County Assessor's \$169.4 million possessory interest value error to Chevron USA Inc. removed from reported value.

(1) Miscellaneous Uses include rights-of-way and easements for mining, water rights, pipe lines or canals.

(2) Other Assessments include penalty assessments identified on the Assessor's Cross Reference Tax Roll.

Table 3
Ten Largest Assesseees - FY 2009-10
North Redevelopment Project Area
Long Beach Redevelopment Agency

Assessee Name	Tax Roll	No. of Parcels	Aggregate 2009-10 Value	% of Total Project Value (1)	% of Total Increment Value (2)	Potential Appeal Refund Exposure Based on Applicant 2009-10 Opinion of Value or Prior Year Opinion of Value
1 Total Terminals	Possessory Interest	2	526,953,699	7.02%	11.95%	(2,270,000) No 2009-10 appeal reported (3)
2 International Transportation Services	Possessory Interest	1	344,376,120	4.59%	7.81%	(1,722,000) Based on 2009-10 opinion (4)
	Unsecured	1	116,596,200	1.55%	2.64%	(583,000) Based on 2009-10 opinion (5)
	Subtotal 2		460,972,320	6.14%	10.45%	(2,305,000)
3 Pacific Maritime Services LLC	Possessory Interest	1	297,800,000	3.97%	6.75%	(1,322,000) No 2009-10 appeal reported (6)
	Unsecured	1	100,651,982	1.34%	2.28%	-
	Subtotal 3		398,451,982	5.31%	9.04%	(1,322,000)
4 Hughes Aircraft Co	Secured	3	120,774,533	1.61%	2.74%	-
	Secured	2	21,920,031	0.29%	0.50%	-
5 Toyota Motors/ TABC Inc./Catalytic Component Products Inc.	Unsecured	8	94,306,252	1.26%	2.14%	-
	Subtotal 5		116,226,283	1.55%	2.64%	-
	Possessory Interest	1	38,249,000	0.51%	0.87%	-
6 Long Beach Container Terminal	Unsecured	1	62,710,525	0.84%	1.42%	-
	Subtotal 6		100,959,525	1.35%	2.29%	-
	Secured	2	61,583,820	0.82%	1.40%	-
7 ARCO Terminal Services Corp	Unsecured	1	8,487	0.00%	0.00%	-
	Subtotal 7		61,592,307	0.82%	1.40%	-
	Possessory Interest	6	33,905,785	0.45%	0.77%	-
8 Oxbow Carbon and Minerals LLC	Unsecured	4	14,832,684	0.20%	0.34%	-
	Subtotal 8		48,738,469	0.65%	1.11%	-
	Possessory Interest	3	45,104,283	0.60%	1.02%	(283,000) No 2009-10 appeal reported (7)
9 Carnival Corp	Unsecured	1	1,432,704	0.02%	0.03%	(37,000) No 2009-10 appeal reported (8)
	Subtotal 9		46,536,987	0.62%	1.06%	(320,000)
	Possessory Interest	3	41,324,778	0.55%	0.94%	-
10 Metropolitan Stevedore Co. Inc.	Unsecured	1	5,150,749	0.07%	0.12%	-
	Subtotal 10		46,475,527	0.62%	1.05%	-
	TOTALS		1,927,681,632	25.68%	43.72%	-

Footnotes to Table 3:

- (1) Based upon reported FY 2009-10 Project Area secured and unsecured assessed value of \$7,505,997,656. County Assessor's \$169.4 million possessory interest value error to Chevron USA Inc. removed from reported value.
- (2) Based upon reported FY 2009-10 Project Area incremental assessed value of \$4,409,602,329.
- (3) No appeal reported for FY 2009-10 and refund amount is shown for comparative purposes only to the extent the AAB subsequently identifies a 2009-10 filing in the future. Estimated tax refund exposure from prior year filings on APN 8940-432-040 for FY 2007-08 is \$1.9 million and FY 2008-09 is \$2.1 million if applicant opinion of value prevails.
- (4) Appeal filed for FY 2009-10 on APN 8940-432-002. Tax refund exposure for FY 2007-08 is \$957,000 and for FY 2008-09 is \$1.7 million if applicant opinion of value prevails.
- (5) Appeal filed for FY 2009-10 Unsecured assessments. Tax refund exposure for FY 2007-08 is \$506,000 and for FY 2008-09 is \$600,000 if applicant opinion of value prevails.
- (6) No appeal reported for FY 2009-10 and refund amount is shown for comparative purposes only to the extent the AAB subsequently identifies a 2009-10 filing in the future. Estimated tax refund exposure from prior year filings on APN 8940-432-031 for FY 2005-06 is \$1.9 million, for FY 2006-07 is \$1.6 million, for FY 2007-08 is \$1.6 million, and for FY 2008-09 is \$1.7 million if applicant opinion of value prevails.
- (7) No appeal reported for FY 2009-10 and refund amount is shown for comparative purposes only to the extent the AAB subsequently identifies a 2009-10 filing in the future. Estimated tax refund exposure from prior year filings on APN 8940-432-003, et.al., for FY 2006-07 is \$333,000, for FY 2007-08 is \$206,000, for FY 2008-09 is \$297,000 if applicant opinion of value prevails.
- (8) No appeal reported for FY 2009-10 and refund amount is shown for comparative purposes only to the extent the AAB subsequently identifies a 2009-10 filing in the future. Estimated tax refund exposure from prior year filings for the Unsecured assessments for FY 2006-07 is \$41,000, for FY 2007-08 is \$38,000, and for FY 2008-09 is \$137,000 if applicant opinion of value prevails.

Table 4
Historic Receipts to Levy Analysis
North Long Beach Redevelopment Project
Long Beach Redevelopment Agency

	2008-09 (4)	2007-08	2006-07	2005-06	2004-05
I. Reported Assessed Value (1):					
Secured	6,936,796,937	6,452,450,454	5,901,426,962	5,354,365,384	4,746,249,271
State Assessed	3,779,467	3,779,467	1,368,018	1,419,926	1,425,022
Unsecured	912,229,781	1,068,214,533	981,692,808	964,047,071	792,821,059
II. Total Project Value	7,852,806,185	7,524,444,454	6,884,487,788	6,319,832,381	5,540,495,352
Less Base Value (1)	3,103,980,865	3,130,192,950	3,104,508,715	3,104,508,715	3,104,508,715
Incremental Value	4,748,825,320	4,394,251,504	3,779,979,073	3,215,323,666	2,435,986,637
Averaged Tax Rate	1.0054066%	1.0054066%	1.0054066%	1.0060376%	1.0069661%
III. Gross Tax Increment	47,745,005	44,180,096	38,004,161	32,347,364	24,529,560
Unitary Tax Revenue	46,888	0	0	0	0
Total Computed Levy	47,791,893	44,180,096	38,004,161	32,347,364	24,529,560
IV. Tax Allocation (2):					
Secured Tax Increment	42,268,629	35,313,129	30,623,803	25,902,799	20,156,141
Unsecured Tax Increment	4,786,065	6,470,374	4,561,491	5,503,477	3,765,507
Unitary Tax Revenue	46,888	0	0	0	0
Total Annual Tax Increment	47,101,582	41,783,503	35,185,294	31,406,277	23,921,648
Variance From Computed Levy	(690,312)	(2,396,593)	(2,818,867)	(941,087)	(607,912)
V. % Collected (Current Levy Only)	98.56%	94.58%	92.58%	97.09%	97.52%
VI. Total Allocation per County (3):	51,839,624	40,450,589	40,118,177	38,104,748	30,615,305
% Collected (All Allocations)	108.47%	91.56%	105.56%	117.80%	124.81%

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

(2) Source: County Auditor-Controller year-end remittance advice summaries. Amounts represent the annual tax increment revenues allocable to the Agency and do not include administrative fees, supplemental taxes, prior year redemption payments, tax refunds, adjustments by the County Assessor and pass through payments.

(3) Total Allocations reflect all tax increment revenues allocated for the close of each fiscal year, as reported by the County Auditor-Controller. Amounts include supplemental taxes, prior year redemptions payments, tax refunds, roll corrections and administrative charges and net of County-administered pass throughs.

(4) Adjusted to remove overstated Possessory Interest value misplacement of \$170,030,923 assessed to parcel 8940-759-594 (Chevron USA Inc).

Table 5
Projected Assessment Appeal Impact
North Long Beach Project Area
Long Beach Redevelopment Agency

Appeal Number	APN or Bill Number	FY	Applicant Name	Total Contested Value	Applicant Opinion of Value	Estimated Resolved Value	Projected Value Variance	KMA Assumption
SECURED APPEALS:								
1	2008-018983	08	LUIS H LICEA	613,836	-	450,000	(163,836)	RESOLVED: Assessor reduced
2	2008-016920	08	CVIGENICS, INC.	8,450,000	2,240,628	7,250,767	(1,199,213)	Decreased per comparable reductions in past appeals.
3	2009-004986	09	ALFONSO REYES	450,000	449,955	449,955	(45)	Decreased per comparable reductions in past appeals.
4	2008-033974	08	MASTER PROCESSING CENTER (BANDAG)	5,511,109	4,000,000	4,728,980	(782,129)	Decreased per comparable reductions in past appeals.
5	2008-033974	08	MASTER PROCESSING CENTER (BANDAG)	16,320,000	12,000,000	14,003,888	(2,316,112)	Decreased per comparable reductions in past appeals.
6	2008-029242	08	EL CAMINO REALTY INC. G&I GOODMAN PROP LLC	3,230,442	1,939,000	2,771,982	(458,460)	Decreased per comparable reductions in past appeals.
7	2008-012747	08	EL CAMINO REALTY INC. G&I GOODMAN PROP LLC	3,295,050	1,318,000	2,827,421	(467,629)	Decreased per comparable reductions in past appeals.
8	2008-029242	08	EL CAMINO REALTY INC. G&I GOODMAN PROP LLC	1,477,368	886,000	1,267,702	(209,666)	Decreased per comparable reductions in past appeals.
9	2008-012747	08	EL CAMINO REALTY INC. G&I GOODMAN PROP LLC	1,506,915	603,000	1,293,056	(213,859)	Decreased per comparable reductions in past appeals.
10	2008-006874	08	THEANY AND JASMINE INN	554,800	410,000	520,000	(34,800)	RESOLVED: Assessor reduced
11	2009-010308	09	CATHERINE S. DICKERSON	208,914	170,000	179,265	(29,649)	Decreased per comparable reductions in past appeals.
12	2009-008022	09	THERESA D. WOODS	288,000	83,100	247,127	(40,873)	Decreased per comparable reductions in past appeals.
13	2008-023557	08	IRENE MADRIGAL	529,380	-	385,000	(144,380)	RESOLVED: Assessor reduced
14	2008-023556	08	ELOY CABALLERO	391,700	-	340,000	(51,700)	RESOLVED: Assessor reduced
15	2008-013022	08	ROSA GAYTAN	424,822	-	385,000	(39,822)	RESOLVED: Assessor reduced
16	2008-013023	08	JUDITH BOWEN	387,500	-	295,000	(92,500)	RESOLVED: Assessor reduced
17	2009-005299	09	PETER KIM	860,000	-	737,950	(122,050)	Decreased per comparable reductions in past appeals.
18	2009-005171	09	VALENTINA A. & LEONCIO URBINA	316,095	-	271,235	(44,860)	Decreased per comparable reductions in past appeals.
19	2008-016849	08	DORA MUNOZ RIVERA	551,412	492,452	410,000	(141,412)	RESOLVED: Assessor reduced
20	2008-023555	08	ROATHSOPERY RUN	395,298	-	360,000	(35,298)	RESOLVED: Assessor reduced
21	2008-023554	08	JOSE L. & MARIA T. BRIONES	408,563	-	360,000	(48,563)	RESOLVED: Assessor reduced
22	2008-007545	08	THERESA MORRISON	232,896	162,900	199,844	(33,052)	Decreased per comparable reductions in past appeals.
23	2008-036645	08	BLANCA NAVA	445,300	300,000	382,104	(63,196)	Decreased per comparable reductions in past appeals.
24	2009-009635	09	CRM INVESTMENT LLC	2,543,714	1,812,438	2,182,714	(361,000)	Decreased per comparable reductions in past appeals.
25	2008-026570	08	PAUL MILLER	445,000	415,000	315,000	(130,000)	RESOLVED: Assessor reduced
26	2009-013714	09	PAUL MILLER	303,800	190,000	260,685	(43,115)	Decreased per comparable reductions in past appeals.
27	2008-014559	08	ALFONSO & LINDA CAZARES	486,540	-	360,000	(126,540)	RESOLVED: Assessor reduced
28	2008-011792	08	GRAHAM A. BEST	425,542	-	370,000	(55,542)	RESOLVED: Assessor reduced
29	2008-013012	08	PEDRO OVIEDO	465,000	-	414,000	(51,000)	RESOLVED: Assessor reduced
30	2008-028687	08	JOSE & ESCOBAR ROSARIO NAVARRO	383,600	-	364,000	(19,600)	RESOLVED: Assessor reduced
31	2009-008912	09	SHERWIN VIGILANT	298,000	268,000	268,000	(30,000)	Decreased per comparable reductions in past appeals.
32	2009-005375	09	PETER KIM	835,000	-	716,498	(118,502)	Decreased per comparable reductions in past appeals.
33	2009-000314	09	SEO FAMILY TRUST	2,754,000	-	2,363,156	(390,844)	Decreased per comparable reductions in past appeals.
34	2008-023442	08	VICTOR J. RODRIGUEZ	398,200	-	370,000	(28,200)	RESOLVED: Assessor reduced
35	2008-007307	08	ROBERT & ISABELITA EDRALIN	432,600	-	330,000	(102,600)	RESOLVED: Assessor reduced
36	2008-023443	08	MANOLO GONZALEZ	352,700	-	315,000	(37,700)	RESOLVED: Assessor reduced
37	2009-007926	09	DAVID HOLSTEIN	400,463	283,000	343,630	(56,833)	Decreased per comparable reductions in past appeals.
38	2008-034432	08	JDL SOUTH STREET LLC	11,444,400	8,500,000	8,300,000	(3,144,400)	RESOLVED: Assessor reduced
39	2009-012748	09	STOR-TJ LONG BEACH LLC	4,948,890	1,980,000	4,948,890	-	Assumed withdrawn as in 2008.
40	2008-013478	08	PRITAM S. MATHARU	408,000	275,000	286,108	(121,892)	RESOLVED: Reduced

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Table 5
Projected Assessment Appeal Impact
North Long Beach Project Area
Long Beach Redevelopment Agency

Appeal Number	APN or Bill Number	FY	Applicant Name	Total Contested Value	Applicant Opinion of Value	Estimated Resolved Value	Projected Value Variance	KIMA Assumption
41	2009-007206	09	CHRISTOPHER M. GONZALEZ	258,673	200,000	221,962	(36,711)	Decreased per comparable reductions in past appeals.
42	2009-009958	09	DEMESNE DEVELOPMENT CO.	75,914	-	65,140	(10,774)	Decreased per comparable reductions in past appeals.
43	2009-009958	09	DEMESNE DEVELOPMENT CO.	686,948	-	589,457	(97,491)	Decreased per comparable reductions in past appeals.
44	2008-007308	08	ELIAGH KINARD	411,322	-	335,000	(76,322)	RESOLVED: Assessor reduced
45	2008-009103	08	RAMESH PATEL	2,366,910	-	1,800,000	(566,910)	RESOLVED: Assessor reduced
46	2009-007072	09	RAMESH PATEL	2,414,248	-	1,836,000	(578,248)	Assumed 2% annual increase over 2008 reduced AV.
47	2008-000938	08	ERIC HAN	509,795	-	420,000	(89,795)	RESOLVED: Assessor reduced
48	2008-021981	08	EDGAR A. CORDOVA	456,318	-	425,000	(31,318)	RESOLVED: Assessor reduced
49	2009-011143	09	5901 DOWNEY AVENUE LLC.	2,207,312	1,500,000	2,207,312	-	Assumed withdrawn as in 2007.
50	2008-024654	08	MARIO J. MARTINEZ	459,000	-	380,000	(79,000)	RESOLVED: Assessor reduced
51	2008-014561	08	BUNTA OUN	469,200	-	390,000	(79,200)	RESOLVED: Assessor reduced
52	2009-010619	09	MARIO MELBOURNE	245,603	198,000	210,747	(34,856)	Decreased per comparable reductions in past appeals.
53	2008-007309	08	FILEMON CARDOSO	429,245	-	330,000	(99,245)	RESOLVED: Assessor reduced
54	2009-001692	09	EUGENE RAWLS	703,579	-	603,728	(99,851)	Decreased per comparable reductions in past appeals.
55	2008-024648	08	ALEJANDRO & REYNA JIMENEZ	429,500	-	332,000	(97,500)	RESOLVED: Assessor reduced
56	2008-030569	08	MIGUEL BLASS	382,033	233,041	287,000	(95,033)	RESOLVED: Assessor reduced
57	2009-009283	09	DONALD E. & GLORIA A. CABRAL	145,008	101,504	124,429	(20,579)	Decreased per comparable reductions in past appeals.
58	2008-040971	08	GUADALUPE ROBLES	416,000	300,000	356,962	(59,038)	Decreased per comparable reductions in past appeals.
59	2008-024646	08	RAFAEL & MARIA V. GOMEZ	408,000	-	386,000	(22,000)	RESOLVED: Assessor reduced
60	2009-000716	09	SIMON R. KINGS	1,618,341	1,200,000	1,388,668	(229,673)	Decreased per comparable reductions in past appeals.
61	2008-007310	08	PEDRO A. MARTINEZ	426,600	-	400,000	(26,600)	RESOLVED: Assessor reduced
62	2008-024645	08	PERFECTO RODRIGUEZ	416,055	-	380,000	(36,055)	RESOLVED: Assessor reduced
63	2008-000257	08	CHRIS HOLMES	472,236	-	390,000	(82,236)	RESOLVED: Assessor reduced
64	2008-024644	08	LEOVIGILDO MACIAS	250,000	-	209,000	(41,000)	RESOLVED: Assessor reduced
65	2009-006037	09	TAREK RAMANDAN	500,000	-	429,041	(70,959)	Decreased per comparable reductions in past appeals.
66	2009-006037	09	TAREK RAMANDAN	100,000	-	85,808	(14,192)	Decreased per comparable reductions in past appeals.
67	2009-006037	09	TAREK RAMANDAN	210,000	-	180,197	(29,803)	Decreased per comparable reductions in past appeals.
68	2009-006037	09	TAREK RAMANDAN	90,000	-	77,227	(12,773)	Decreased per comparable reductions in past appeals.
69	2009-006037	09	TAREK RAMANDAN	100,000	-	85,808	(14,192)	Decreased per comparable reductions in past appeals.
70	2009-003883	09	NOVYOUNG	371,040	-	318,383	(52,657)	Decreased per comparable reductions in past appeals.
71	2008-033925	08	EMILIA LARA	400,000	300,000	343,233	(56,767)	Decreased per comparable reductions in past appeals.
72	2009-004703	09	MARCUS LYNCH	663,494	-	569,332	(94,162)	Decreased per comparable reductions in past appeals.
73	2008-007311	08	JAI ME & MARIA RODRIGUEZ	379,910	-	310,000	(69,910)	RESOLVED: Assessor reduced
74	2009-006074	09	KIMSAN HIN	220,000	214,000	214,000	(6,000)	Decreased per comparable reductions in past appeals.
75	2009-010474	09	THOMAS V. JONES	749,087	575,000	642,778	(106,309)	Decreased per comparable reductions in past appeals.
76	2008-037329	08	LILEITH BROWN-SWABY	230,000	341,000	230,000	-	Assumed withdrawn as in previous 2008 Appeal.
77	2008-035940	08	GRANDPOINT LLC	515,100	300,000	450,000	(65,100)	RESOLVED: Assessor reduced
78	2008-006557	08	DANIEL H. DAHAN	757,701	520,000	710,000	(47,701)	RESOLVED: Assessor reduced
79	2008-027768	08	SAMANTHA KHUTH	679,080	520,000	560,000	(119,080)	RESOLVED: Assessor reduced
80	2008-023445	08	FREDDY BARBA	448,800	-	340,000	(108,800)	RESOLVED: Assessor reduced
81	2008-024643	08	FRANCISCO PULIDO	359,000	-	320,000	(39,000)	RESOLVED: Assessor reduced

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Table 5
Projected Assessment Appeal Impact
North Long Beach Project Area
Long Beach Redevelopment Agency

Appeal Number	APN or Bill Number	FY	Applicant Name	Total Contested Value	Applicant Opinion of Value	Estimated Resolved Value	Projected Value Variance	KMA Assumption
82	2008-003889	08	JACQUELINE M. LORD	436,968	-	374,954	(62,014)	Decreased per comparable reductions in past appeals.
83	2009-000087	09	JACQUELINE LORD	445,707	-	382,453	(63,254)	Decreased per comparable reductions in past appeals.
84	2008-003889	08	JACQUELINE M. LORD	608,634	-	522,257	(86,377)	Decreased per comparable reductions in past appeals.
85	2009-000067	09	JACQUELINE LORD	620,806	-	532,702	(88,104)	Decreased per comparable reductions in past appeals.
86	2008-003889	08	JACQUELINE M. LORD	297,840	-	255,571	(42,269)	Decreased per comparable reductions in past appeals.
87	2009-000066	09	JACQUELINE M. LORD	303,796	-	260,682	(43,114)	Decreased per comparable reductions in past appeals.
88	2008-023446	08	MAURICE & TREDENA REYNOLDS	482,800	-	380,000	(112,800)	RESOLVED: Assessor reduced
89	2009-006890	09	ANDREW KALMAN	474,751	308,590	407,375	(67,376)	Decreased per comparable reductions in past appeals.
90	2008-029021	08	ROLAND DOON	487,100	-	400,000	(87,100)	RESOLVED: Assessor reduced
91	2008-013011	08	BERNARDO S & CAROLINE CHAVEZ	399,400	-	350,000	(49,400)	RESOLVED: Assessor reduced
92	2008-000934	08	TENORIO GRAGERA	560,030	-	450,000	(110,030)	RESOLVED: Assessor reduced
93	2008-021281	08	PIONEER GROUP, LLC	11,376,149	6,825,000	10,000,000	(1,376,149)	RESOLVED: Assessor reduced
94	2009-012749	09	PIONEER GROUP LLC	11,614,771	4,642,000	10,200,000	(1,414,771)	Assumed 2% annual increase over 2008 reduced AV.
95	2008-000120	08	CARLOS E. DIAZ	433,552	-	372,023	(61,529)	Decreased per comparable reductions in past appeals.
96	2008-008776	08	KIN S. & PHI S. LAM	424,000	-	410,000	(14,000)	RESOLVED: Assessor reduced
97	2008-024311	08	JORGE & JUANA CERVANTES	380,345	-	340,000	(40,345)	RESOLVED: Assessor reduced
98	2008-033930	08	AYENI OSITA	488,987	340,006	419,591	(69,396)	Decreased per comparable reductions in past appeals.
99	2008-024310	08	ANNA H. LAM	519,991	-	430,000	(89,991)	RESOLVED: Assessor reduced
100	2008-015213	08	ANGELA & JESUS RUBIO	360,217	-	340,000	(20,217)	RESOLVED: Assessor reduced
101	2009-006849	09	PLEASANTVILLE 27, LLC	791,622	600,000	679,276	(112,346)	Decreased per comparable reductions in past appeals.
102	2009-006850	09	PLEASANTVILLE 27, LLC	791,622	600,000	679,276	(112,346)	Decreased per comparable reductions in past appeals.
103	2009-006875	09	PLEASANTVILLE 27, LLC	790,519	600,000	678,330	(112,189)	Decreased per comparable reductions in past appeals.
104	2008-034084	08	DOUGLAS D. SPAHR	327,910	171,453	210,000	(117,910)	RESOLVED: Reduced
105	2008-024309	08	ARNEL E. MOVILLA	400,900	-	395,000	(5,900)	RESOLVED: Reduced
106	2009-007232	09	ARNEL E. MOVILLA	281,700	-	281,700	-	Assumed denied. Value was reduced in 2008.
107	2009-003048	09	AFIMUAO T. LAFOLAVEA	279,600	-	239,920	(39,680)	Decreased per comparable reductions in past appeals.
108	2008-005976	08	JACQUELINE TR THOMAS	388,100	-	350,000	(38,100)	RESOLVED: Reduced
109	2009-003834	09	ROBERT L. & ALFIYA V. ALVIES	276,961	-	237,655	(39,306)	Decreased per comparable reductions in past appeals.
110	2008-012682	08	LAURA CARRILLO	375,000	-	350,000	(25,000)	RESOLVED: Assessor reduced
111	2008-012684	08	SALVADOR PONCE	390,000	-	375,000	(15,000)	RESOLVED: Assessor reduced
112	2008-024659	08	ALISON L. WILLIAMS	331,200	-	310,000	(21,200)	RESOLVED: Reduced
113	2009-012750	09	DIVERSIFIED INCOME PROPERTIES, L.P.	233,975	112,000	233,975	-	Assumed withdrawn as in 2008.
114	2009-012750	09	DIVERSIFIED INCOME PROPERTIES, L.P.	1,429,169	572,000	1,429,169	-	Assumed withdrawn as in 2008.
115	2009-012751	09	SATISH R. BHAGAT	128,993	51,000	128,993	-	Assumed withdrawn as in 2008.
116	2009-012751	09	SATISH R. BHAGAT	322,502	129,000	322,502	-	Assumed withdrawn as in 2008.
117	2009-013678	09	CARSON LB, LLC	-	-	-	-	Decreased per comparable reductions in past appeals.
118	2009-013678	09	CARSON LB, LLC	-	-	-	-	Decreased per comparable reductions in past appeals.
119	2009-013678	09	CARSON LB, LLC	-	-	-	-	Decreased per comparable reductions in past appeals.
120	2009-013678	09	CARSON LB, LLC	-	-	-	-	Decreased per comparable reductions in past appeals.
121	2009-008315	09	KNOLLS MEDICAL GROUP LLC	2,476,152	-	2,124,740	(351,412)	Decreased per comparable reductions in past appeals.
122	2009-013148	09	SERVANDO OROZCO	1,040,400	-	892,748	(147,652)	Decreased per comparable reductions in past appeals.

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Prepared by: Keyser Marston Associates, Inc.

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Table 5
Projected Assessment Appeal Impact
North Long Beach Project Area
Long Beach Redevelopment Agency

Appeal Number	APN or Bill Number	FY	Applicant Name	Total Contested Value	Applicant Opinion of Value	Estimated Resolved Value	Projected Value Variance	KMA Assumption
123	2008-035627	08	RICH SIGNAL HILL LLC & CARSON PACIFIC LLC	8,037,090	7,732,262	8,037,090	-	Assumed withdrawn as in prior 2008 duplicate filing. (1)
124	2008-029496	08	ARON SCHIFMAN	1,836,000	-	1,560,000	(276,000)	RESOLVED: Reduced (1)
125	2008-012670	08	ANA BORICEAN	192,000	-	185,000	(7,000)	RESOLVED: Reduced (1)
126	2008-025176	08	FOUNTAIN VALLEY APTS I, LLC	19,530,167	-	17,600,000	(1,930,167)	RESOLVED: Assessor reduced (1)
127	2009-001515	09	FOUNTAIN VALLEY APTS. I, LLC	19,530,167	-	17,952,000	(1,578,167)	Assumed 2% annual increase over 2008 reduced AV. (1)
128	2008-007317	08	MANALANG	484,000	-	450,000	(34,000)	RESOLVED: Assessor reduced (1)
129	2009-013203	09	TOLLIE R. HICKS	359,000	251,300	308,051	(50,949)	Decreased per comparable reductions in past appeals. (1)
130	2008-002419	08	FRANCISCO O. MELENA	431,700	306,600	360,000	(71,700)	RESOLVED: Assessor reduced (1)
131	2008-028130	08	ROBERT RENTERIA	457,500	401,000	425,000	(32,500)	RESOLVED: Assessor reduced (1)
132	2009-001889	09	ROBERT RENTERIA	400,000	340,000	400,000	-	Assumed denied. Value was reduced in 2008. (1)
133	2008-005919	08	JEANNETTE R. MA	675,000	-	675,000	-	Assumed withdrawn as in duplicate filing in 2008. (1)
134	2008-000496	08	BICH N. NGUYEN	566,197	-	475,000	(91,197)	RESOLVED: Assessor reduced (1)
135	2009-006298	09	ROBERT AUTREY/AUTREY FAMILY LLC	1,958,400	-	1,680,467	(277,933)	Decreased per comparable reductions in past appeals. (1)
136	2008-001644	08	STUART KLABIN	4,010,000	1,604,000	3,700,000	(310,000)	RESOLVED: Reduced (1)
137	2009-012764	09	STUART KLABIN	3,700,000	1,604,000	3,700,000	-	Assumed denied. Value was reduced in 2008. (1)
138	2008-019647	08	JAMES D. AND CIELO YATES	1,300,500	910,000	1,075,000	(225,500)	RESOLVED: Assessor reduced (1)
139	2009-003023	09	NICANOR RUIZ	327,600	-	291,107	(46,493)	Decreased per comparable reductions in past appeals. (1)
140	2008-024317	08	ARTURO LOPEZ	323,667	-	290,000	(33,667)	RESOLVED: Assessor reduced (1)
141	2008-035176	08	JESUS & GRACIELA SALDANA	598,230	-	425,000	(173,230)	RESOLVED: Assessor reduced (1)
142	2009-008246	09	JESSE L. OWENS	175,134	168,000	168,000	(7,134)	Decreased per comparable reductions in past appeals. (1)
143	2009-004794	09	GEORGE AJRAB	259,358	-	222,550	(36,808)	Decreased per comparable reductions in past appeals. (1)
144	2008-012935	08	TERESA FLORES	330,000	-	315,000	(15,000)	RESOLVED: Reduced (1)
145	2008-034905	08	SHARAD C. PATEL	499,021	-	428,201	(70,820)	Decreased per comparable reductions in past appeals. (1)
146	2008-024316	08	CESAR MACIEL	436,400	-	375,000	(61,400)	RESOLVED: Assessor reduced (1)
147	2006-000908	06	RAYTHEON COMPANY	1,255,979	123,136	1,255,979	-	Assumed withdrawn as in 2004 & 2005. (1)
148	2006-000907	06	RAYTHEON COMPANY	16,400,000	1,640,000	16,400,000	-	Assumed withdrawn as in 2004 & 2005. (1)
149	2006-000906	06	RAYTHEON COMPANY	49,600,000	4,680,000	49,600,000	-	Assumed withdrawn as in 2004 & 2005. (1)
150	2009-002066	09	BRCP REALTY SO CAL PORTFOLIO, LLC	9,413,019	4,750,000	9,413,019	-	Assumed withdrawn as in 2008. (1)
151	2008-000445	08	BRCP REALTY SO CAL PORTFOLIO, LLC	3,366,000	627,000	3,100,000	(266,000)	RESOLVED: Assessor reduced (1)
152	2009-002064	09	BRCP REALTY SO CAL PORTFOLIO, LLC	3,100,000	1,550,000	3,100,000	-	Assumed denied. Value was reduced in 2008. (1)
153	2008-000444	08	BRCP REALTY SO CAL PORTFOLIO, LLC	12,868,830	6,434,000	10,730,000	(2,138,830)	RESOLVED: Assessor reduced (1)
154	2008-002064	08	BRCP REALTY SO CAL PORTFOLIO, LLC	10,730,000	5,365,000	10,730,000	-	Assumed denied. Value was reduced in 2008. (1)
155	2008-016886	08	CA BROADCAST CENTER, LLC	16,664,018	1,416,442	14,299,083	(2,364,935)	Assumed denied. Value was reduced in past appeals. (1)
156	2009-006363	09	CALIFORNIA STATE UNIVERSITY	6,557,485	4,438,000	5,626,856	(930,629)	Decreased per comparable reductions in past appeals. (1)
157	2009-006363	09	CALIFORNIA STATE UNIVERSITY	3,823,846	2,587,000	3,281,171	(542,675)	Decreased per comparable reductions in past appeals. (1)
158	2009-006363	09	CALIFORNIA STATE UNIVERSITY	1,895,554	1,282,000	1,626,540	(269,014)	Decreased per comparable reductions in past appeals. (1)
159	2009-006363	09	CALIFORNIA STATE UNIVERSITY	1,022,473	692,000	877,365	(145,108)	Decreased per comparable reductions in past appeals. (1)
160	2009-006364	09	CALIFORNIA STATE UNIVERSITY	4,825,126	3,154,000	4,140,351	(684,775)	Decreased per comparable reductions in past appeals. (1)
161	2009-006364	09	CALIFORNIA STATE UNIVERSITY	2,821,935	1,845,000	2,421,450	(400,485)	Decreased per comparable reductions in past appeals. (1)
162	2009-005283	09	PETER KIM	654,000	-	561,185	(92,815)	Decreased per comparable reductions in past appeals. (1)

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Appeal Number	APN or Bill Number	FY	Applicant Name	Total Contested Value	Applicant Opinion of Value	Estimated Resolved Value	Projected Value Variance	KMA Assumption
POSSESSORY INTEREST APPEALS:								
163	2003-002711	8940-430-015	03 VALERO ENERGY CORPORATION/MULTAMAR, INC	3,155,880	600,000	3,155,880	-	Assumed denied; appeal older than 5 years.
164	2004-001759	8940-430-015	04 ULTRAMAR, INC VALERO ENERGY CORPORATION	3,214,799	600,000	3,214,799	-	Assumed denied; appeal older than 5 years.
165	2005-001332	8940-430-015	05 VALERO ENERGY CORPORATION/ULTRAMAR, INC.	3,279,094	-	2,233,333	(1,045,761)	Decreased per comparable reductions in past appeals.
166	2006-003871	8940-430-015	06 ULTRAMAR, INC. VALERO ENERGY CORPORATION	3,344,675	600,000	2,277,999	(1,066,676)	Decreased per comparable reductions in past appeals.
167	2007-004427	8940-430-015	07 VALERO ENERGY CORPORATION/MULTAMAR, INC.	3,136,805	600,000	2,136,423	(1,000,382)	Decreased per comparable reductions in past appeals.
168	2008-025398	8940-430-015	08 VALERO ENERGY CORP./ULTRAMAR, INC.	3,199,540	310,000	2,179,150	(1,020,390)	Decreased per comparable reductions in past appeals.
169	2008-020973	8940-430-065	08 THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	1,156,083	102,000	1,156,083	-	Assumed denied as in 2003 through 2007.
170	2008-020973	8940-430-066	08 THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	8,835,698	1,100,000	8,835,698	-	Assumed denied as in 2003 through 2007.
171	2008-020973	8940-430-067	08 THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	2,981,685	450,000	2,981,685	-	Assumed denied as in 2003 through 2007.
172	2008-020973	8940-430-069	08 THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	314,759	37,000	314,759	-	Assumed denied as in 2003 through 2007.
173	2008-020973	8940-430-072	08 THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	1,358,517	130,000	1,358,517	-	Assumed denied as in 2003 through 2007.
174	2008-020973	8940-430-119	08 THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	920,890	120,000	920,890	-	Assumed denied as in 2003 through 2007.
175	2007-003517	8940-431-007	07 TOTAL TERMINALS INTERNATIONAL, LLC	1,008,780	650,000	1,008,780	-	Assumed denied as in 2003 through 2007.
176	2008-019243	8940-431-007	08 TOTAL TERMINALS INTERNATIONAL, LLC	1,028,955	650,000	1,028,955	-	Assumed withdrawn as in 2006.
177	2008-020973	8940-431-136	08 THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	37,740	3,000	25,704	(12,036)	Assumed withdrawn as in 2006.
178	2008-026432	8940-431-225	08 MITSUBISHI CEMENT TERMINAL	33,000	1,000	22,476	(10,524)	Decreased per comparable reductions in past appeals.
179	2007-007789	8940-432-002	07 INTERNATIONAL TRANSPORTATION SERVICES	95,691,028	-	65,173,471	(30,517,557)	Decreased per comparable reductions in past appeals.
180	2008-010803	8940-432-002	08 INTERNATIONAL TRANS SERVICE INC.	341,598,000	170,799,000	232,656,371	(108,941,629)	Decreased per comparable reductions in past appeals.
181	2009-007098	8940-432-002	09 INTERNATIONAL TRANS. SERVICE INC.	344,376,120	172,188,060	234,548,500	(109,827,620)	Decreased per comparable reductions in past appeals.
182	2006-003595	8940-432-003	06 METROPOLITAN STEVEDORE COMPANY	22,221,000	6,000,000	22,221,000	-	Assumed withdrawn as in 2003 through 2005.
183	2007-002924	8940-432-003	07 METROPOLITAN STEVEDORE COMPANY	22,533,000	18,000,000	22,533,000	-	Assumed withdrawn as in 2003 through 2005.
184	2008-026443	8940-432-003	08 METROPOLITAN STEVEDORE COMPANY	21,546,000	11,000,000	21,546,000	-	Assumed withdrawn as in 2003 through 2005.
185	2008-026432	8940-432-012	08 MITSUBISHI CEMENT TERMINAL	9,088,515	1,600,000	6,176,406	(2,892,109)	Decreased per comparable reductions in past appeals.
186	2005-005804	8940-432-031	05 PACIFIC MARITIME SERVICES, LLC	317,825,482	126,800,000	216,465,328	(101,360,154)	Decreased per comparable reductions in past appeals.
187	2006-005475	8940-432-031	06 PACIFIC MARITIME SERVICES, LLC	324,181,990	162,100,000	220,794,634	(103,387,356)	Decreased per comparable reductions in past appeals.
188	2007-004698	8940-432-031	07 PACIFIC MARITIME SERVICES, LLC	330,665,628	165,600,000	225,210,525	(105,455,103)	Decreased per comparable reductions in past appeals.
189	2008-021342	8940-432-031	08 PACIFIC MARITIME SERVICES, LLC	337,278,940	165,600,000	229,714,735	(107,564,205)	Decreased per comparable reductions in past appeals.
190	2007-003517	8940-432-040	07 TOTAL TERMINALS INTERNATIONAL, LLC	491,734,622	300,000,000	491,734,622	-	Assumed withdrawn as in 2003 through 2006.
191	2008-019243	8940-432-040	08 TOTAL TERMINALS INTERNATIONAL, LLC	516,069,313	300,000,000	516,069,313	-	Assumed withdrawn as in 2003 through 2006.
192	2004-001759	8940-759-501	04 ULTRAMAR, INC VALERO ENERGY CORPORATION	272,906	50,000	272,906	-	Assumed denied; appeal older than 5 years.
193	2007-004427	8940-759-501	07 VALERO ENERGY CORPORATION/ULTRAMAR, INC.	993,394	200,000	676,583	(316,811)	Decreased per comparable reductions in past appeals.
194	2008-025398	8940-759-501	08 VALERO ENERGY CORP./ULTRAMAR, INC.	1,013,254	200,000	690,109	(323,145)	Decreased per comparable reductions in past appeals.
195	2008-016635	8940-759-547	08 CHEVRON U.S.A., INC.	1,272,054	929,968	929,968	(342,086)	Decreased per comparable reductions in past appeals.
196	2007-007054	8940-759-589	07 EDGINGTON OIL COMPANY, LLC.	18,754,000	10,100,000	12,773,019	(5,980,981)	Decreased per comparable reductions in past appeals.
197	2008-031424	8940-759-589	08 EDGINGTON OIL COMPANY, LLC.	18,564,740	10,100,000	12,644,117	(5,920,623)	Decreased per comparable reductions in past appeals.
198	2008-016635	8940-759-594	08 CHEVRON U.S.A., INC.	170,030,923	-	115,805,062	(54,225,861)	Decreased per comparable reductions in past appeals.
199	2008-026443	8940-759-874	08 METROPOLITAN STEVEDORE COMPANY	11,204,887	2,000,000	7,631,451	(3,573,436)	Decreased per comparable reductions in past appeals.
200	2008-026443	8940-759-875	08 METROPOLITAN STEVEDORE COMPANY	9,970,022	10,000	6,790,406	(3,179,616)	Decreased per comparable reductions in past appeals.
201	2007-002924	8940-759-881	07 METROPOLITAN STEVEDORE COMPANY	5,342,550	1,000,000	3,638,717	(1,703,833)	Decreased per comparable reductions in past appeals.
202	2007-002924	8940-759-882	07 METROPOLITAN STEVEDORE COMPANY	11,792,852	100,000	8,031,903	(3,760,949)	Decreased per comparable reductions in past appeals.

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203	2008-026439	08	8940-759-884 CALIFORNIA UNITED TERMINALS	908,784	-	-	(908,784)	RESOLVED: No change (2)	
204	2008-003595	06	8940-759-897 METROPOLITAN STEVEDORE COMPANY	12,271,030	1,500,000	8,357,582	(3,913,448)	Decreased per comparable reductions in past appeals. (2)	
205	2006-003595	06	8940-759-898 METROPOLITAN STEVEDORE COMPANY	6,433,045	100,000	4,381,433	(2,051,612)	Decreased per comparable reductions in past appeals. (2)	
UNSECURED APPEALS:									
206	2008-039540	08	0049-203-779 BRAND SERVICES #214	13,583,472	-	10,692,303	(2,891,169)	Decreased per comparable reductions in past appeals. (3)	
207	2008-039539	08	0049-917-731 BRAND SERVICES #214	5,195,571	-	4,089,722	(1,105,849)	Decreased per comparable reductions in past appeals. (3)	
208	2008-039538	08	0049-917-732 BRAND SERVICES #214	1,590,151	-	1,251,696	(338,455)	Decreased per comparable reductions in past appeals. (3)	
209	2008-039537	08	0049-917-733 BRAND SERVICES #214	6,660,069	-	5,242,509	(1,417,560)	Decreased per comparable reductions in past appeals. (3)	
210	2006-007565	04	0049-909-635 CALIFORNIA BROADCAST CENTER	922,803	-	922,803	-	Assumed withdrawn as in 2002 & 2003. (3)	
211	2008-026439	08	0040-801-189 CALIFORNIA UNITED TERMINALS	23,315,143	1,500,000	20,936,258	(2,378,885)	RESOLVED: Assessor reduced (3)	
212	2006-001050	06	0040-769-604 CBS OUTDOOR INC.	835,311	278,000	657,520	(177,791)	Decreased per comparable reductions in past appeals. (3)	
213	2006-001050	06	0040-769-618 CBS OUTDOOR INC.	1,781,773	594,000	1,402,532	(379,241)	Decreased per comparable reductions in past appeals. (3)	
214	2007-000833	07	0040-802-811 CBS OUTDOOR INC.	852,015	250,000	670,668	(181,347)	Decreased per comparable reductions in past appeals. (3)	
215	2007-000833	07	0040-802-825 CBS OUTDOOR INC.	1,817,403	600,000	1,430,579	(386,824)	Decreased per comparable reductions in past appeals. (3)	
216	2008-012211	08	0040-805-782 CBS OUTDOOR INC.	1,853,746	925,000	1,459,186	(394,560)	Decreased per comparable reductions in past appeals. (3)	
217	2009-010709	09	0040-805-863 CBS OUTDOOR INC.	803,899	530,573	632,793	(171,106)	Decreased per comparable reductions in past appeals. (3)	
218	2009-010709	09	0040-805-877 CBS OUTDOOR INC.	1,714,768	1,131,746	1,349,789	(364,979)	Decreased per comparable reductions in past appeals. (3)	
219	2009-007118	08	0047-003-221 CONNOLLY-PACIFIC COMPANY	1,088,355	-	856,705	(231,650)	Decreased per comparable reductions in past appeals. (3)	
220	2009-007118	07	0047-061-226 CONNOLLY-PACIFIC COMPANY	1,088,062	-	840,731	(227,331)	Decreased per comparable reductions in past appeals. (3)	
221	2009-007118	06	0047-062-452 CONNOLLY-PACIFIC COMPANY	1,070,109	-	842,342	(227,767)	Decreased per comparable reductions in past appeals. (3)	
222	2009-007118	05	0047-124-198 CONNOLLY-PACIFIC COMPANY	1,033,188	-	813,280	(219,908)	Decreased per comparable reductions in past appeals. (3)	
223	2008-025951	08	0040-811-150 ENVISION HEALTHCARE INC.	1,060,000	530,000	834,385	(225,615)	Decreased per comparable reductions in past appeals. (3)	
224	2008-007573	08	0040-776-497 FAMU CORPORATION DBA DEL AMO PETROLEUM	250,000	-	196,789	(53,211)	Decreased per comparable reductions in past appeals. (3)	
225	2009-006056	09	0040-799-147 HARBOR ISLAND YACHT CLUB, INC.	250,000	112,528	196,789	(53,211)	Decreased per comparable reductions in past appeals. (3)	
226	2009-004069	09	0047-058-343 HINO MOTORS MANUFACTURING USA INC.	137,816	81,054	108,483	(29,333)	Decreased per comparable reductions in past appeals. (3)	
227	2009-010004	09	0040-817-707 HUGHES COMMUNICATIONS SATELLITE SERVICES INC.	12,494,897	500,000	9,835,426	(2,659,471)	Decreased per comparable reductions in past appeals. (3)	
228	2003-000361	03	0040-782-898 HUGHES COMMUNICATIONS SATELLITE SERVICES INC.	771,362	-	771,362	-	Assumed denied, appeal older than 5 years. (3)	
229	2005-007070	09	0049-914-399 HUGHES COMMUNICATIONS SATELLITE SERVICES INC.	3,161,903	-	3,161,903	-	Assumed denied, appeal older than 5 years. (3)	
230	2009-007099	09	0040-803-086 INTERNATIONAL TRANSPORTATION SERVICE INC.	116,596,200	58,298,100	91,779,330	(24,816,870)	Decreased per comparable reductions in past appeals. (3)	
231	2008-005159	08	0040-772-492 INTERNATIONAL TRANSPORTATION SERVICES	119,727,327	59,863,664	94,244,013	(25,483,314)	Decreased per comparable reductions in past appeals. (3)	
232	2007-001743	07	0040-780-903 INTERNATIONAL TRANSPORTATION SERVICES	101,159,524	50,579,763	79,628,267	(21,531,257)	Decreased per comparable reductions in past appeals. (3)	
233	2008-040653	09	0040-746-268 LINK LETTER SELF STORAGE COMPANY	15,000	5,000	11,807	(3,193)	Decreased per comparable reductions in past appeals. (3)	
234	2008-033602	08	0040-798-145 LONG BEACH ACQUISITION, LLC	31,785,055	16,000,000	31,785,055	-	Assumed withdrawn as in 2007. (3)	
235	2008-033974	07	0040-808-477 MASTER PROCESSING CENTER (BANDAG)	5,252,192	3,400,000	4,134,291	(1,117,901)	Decreased per comparable reductions in past appeals. (3)	
236	2008-026443	08	0040-771-901 METROPOLITAN STEVEDORE COMPANY	5,404,775	1,500,000	4,254,398	(1,150,377)	Decreased per comparable reductions in past appeals. (3)	
237	2006-003594	06	0040-777-419 METROPOLITAN STEVEDORE COMPANY	5,105,358	1,000,000	4,018,710	(1,086,648)	Decreased per comparable reductions in past appeals. (3)	
238	2007-002924	07	0040-793-025 METROPOLITAN STEVEDORE COMPANY	4,946,119	1,100,000	3,893,364	(1,052,755)	Decreased per comparable reductions in past appeals. (3)	
239	2008-040961	08	0049-909-725 METROPOLITAN STEVEDORE COMPANY	4,788,741	-	3,769,483	(1,019,258)	Decreased per comparable reductions in past appeals. (3)	
240	2008-040961	08	0049-909-726 METROPOLITAN STEVEDORE COMPANY	5,018,411	-	3,950,269	(1,068,142)	Decreased per comparable reductions in past appeals. (3)	
241	2008-026432	08	0040-805-508 MITSUBISHI CEMENT TERMINAL	18,480,191	3,000,000	18,480,191	-	Assumed withdrawn as in 2005, 2006, and 2007. (3)	

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242	2006-000903	06	RAYTHEON COMPANY	10,005,008	1,000,501	7,875,496	(2,129,512)	Decreased per comparable reductions in past appeals.
243	2006-000902	06	RAYTHEON COMPANY	2,714,938	271,494	2,714,938	-	Assumed withdrawn as in 2004 & 2005.
244	2007-000873	07	RAYTHEON COMPANY	1,562,644	156,265	1,230,044	(332,600)	Decreased per comparable reductions in past appeals.
245	2007-000872	07	RAYTHEON COMPANY	1,236,547	123,654	973,355	(263,192)	Decreased per comparable reductions in past appeals.
246	2008-036408	08	RAYTHEON TECHNICAL SERVICES LLC	801,695	-	631,059	(170,636)	Decreased per comparable reductions in past appeals.
247	2008-020973	08	THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	4,275,439	-	3,365,435	(910,004)	Decreased per comparable reductions in past appeals.
248	2008-020973	08	THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	152,868	15,000	120,331	(32,537)	Decreased per comparable reductions in past appeals.
249	2008-020973	08	THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	573,041	50,000	451,072	(121,969)	Decreased per comparable reductions in past appeals.
250	2008-020973	08	THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	74,132	7,500	58,353	(15,779)	Decreased per comparable reductions in past appeals.
251	2008-020973	08	THUMS LONG BEACH COMPANY PARTICIPANTS IN LB	573,041	50,000	451,072	(121,969)	Decreased per comparable reductions in past appeals.
252	2008-026062	08	UNITED RENTALS NORTHWEST, INC.	6,543,805	6,243,244	6,243,244	(300,561)	Decreased per comparable reductions in past appeals.
253	2008-026063	08	UNITED RENTALS NORTHWEST, INC.	1,287,847	1,092,575	1,092,575	(195,272)	Decreased per comparable reductions in past appeals.
254	2003-004193	03	VIACOM OUTDOOR INC	132,487	39,000	132,487	-	Assumed denied; appeal older than 5 years.
255	2003-004193	03	VIACOM OUTDOOR INC	438,863	128,000	438,863	-	Assumed denied; appeal older than 5 years.
256	2005-000681	05	VIACOM OUTDOOR, INC.	801,135	400,500	630,618	(170,517)	Decreased per comparable reductions in past appeals.
257	2005-000681	05	VIACOM OUTDOOR, INC.	1,708,873	854,500	1,345,149	(363,724)	Decreased per comparable reductions in past appeals.
258	2004-001346	04	VIACOM OUTDOOR, INC.	331,731	80,000	331,731	-	Assumed denied; appeal older than 5 years.
259	2004-001346	04	VIACOM OUTDOOR, INC.	468,845	110,000	468,845	-	Assumed denied; appeal older than 5 years.
260	2009-007204	09	VOINS COMPANIES, INC.	2,319,901	1,159,951	1,826,123	(493,778)	Decreased per comparable reductions in past appeals.
261	2008-006286	08	VOINS COMPANIES, INC.	2,432,388	1,216,194	1,914,667	(517,721)	Decreased per comparable reductions in past appeals.
262	2009-000775	09	WMZ, INC.	20,000	60,000	60,000	40,000	Decreased per comparable reductions in past appeals.
263	2008-020028	08	XEROX CORPORATION	122,110	94,093	96,120	(25,990)	Decreased per comparable reductions in past appeals.
264	2008-020028	08	XEROX CORPORATION	253,521	186,680	199,560	(53,961)	Decreased per comparable reductions in past appeals.
265	PROJECTED ASSESSMENT APPEALS IMPACT - NORTH RP							
266	Total Reductions for Tax Refund					(892,176,000)		
	Projected Tax Refund at 1%					(8,922,000)		
267	(1) Secured Value Reduction (unique filings)					(277,825,000)		
268	(2) Possessory Interest Value Reduction (unique filings)					(317,469,000)		
269	(3) Unsecured Value Reduction (unique filings)					(42,328,000)		
270	Total Projected Value Reduction for FY 2010-11 (unique filings)					(637,622,000)		

Note: The assessment appeal records shown above represent County reported "open" appeal filings as of the Fourth Quarter 2009, as contained in the assessment appeals database of January 19, 2010. The County has informed KMA that the Fourth Quarter 2009 database may not include all appeal records filed for FY 2009-10 due to the number of filings and that a subsequent First Quarter 2010 database (to be released in April 2010) will likely include additional filings not reflected in this table. The table presented here is based on extracted records reported by the County to date. KMA cannot guarantee the completeness or accuracy of the County's data.

NO INFLATIONARY GROWTH

Table 6
Tax Increment Revenue Projection
North Long Beach Project
Long Beach Redevelopment Agency
(000's Omitted)

	Reported 2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Debt Incurrence Time Limit		
												7-16-2016		
1 Real Property														
2 Projected Appeal Value Loss (Table 5)	5,108,159	5,108,159	4,818,886	4,818,886	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972		
3 CPI Adjustment	0	(277,825)	0	0	0	0	0	0	0	0	0	0		
4 New Development Value (Weber Metals)	0	(11,448)	0	0	0	0	0	0	0	0	0	0		
5 Total Real Property	5,108,159	4,818,886	4,818,886	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972	4,822,972		
6 Possessory Interest														
7 Projected Appeal Value Loss (Table 5)	1,473,013	1,473,013	1,152,805	1,152,805	1,191,305	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805		
8 CPI Adjustment	0	(317,469)	0	0	0	0	0	0	0	0	0	0		
9 New Development Value (ITS Rail Yard)	0	(2,739)	0	0	0	0	0	0	0	0	0	0		
10 Total Possessory Interest	1,473,013	1,152,805	1,152,805	1,191,305	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805	1,207,805		
11 Personal Property & SBE														
12 Projected Appeal Value Loss (Table 5)	924,826	924,826	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498		
13 Total Personal Property	924,826	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498	882,498		
14 Total Project Value														
15 Less Base Value	7,505,998	6,854,189	6,854,189	6,896,775	6,913,275	6,913,275	6,913,275	6,913,275	6,913,275	6,913,275	6,913,275	6,913,275		
16 Incremental Value Over Base	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)	(3,096,395)		
	4,409,602	3,757,794	3,757,794	3,800,380	3,816,880	3,816,880	3,816,880	3,816,880	3,816,880	3,816,880	3,816,880	3,816,880		
17 Gross Tax Revenue	44,285	37,739	37,739	38,167	38,333	38,333	38,333	38,333	38,333	38,333	38,333	38,333		
18 Add Unitary Tax Revenue	49	49	49	49	49	49	49	49	49	49	49	49		
19 Projected Appeal Tax Refund (Table 5)	(8,922)	0	0	0	0	0	0	0	0	0	0	0		
20 Gross Tax Increment Revenue	35,412	37,788	37,788	38,216	38,382	38,382	38,382	38,382	38,382	38,382	38,382	38,382		
21 Less County Admin Fees at -1.47%	(654)	(553)	(554)	(560)	(563)	(563)	(563)	(563)	(563)	(563)	(563)	(563)		
22 Subtotal	34,759	37,235	37,235	37,656	37,819	37,819	37,819	37,819	37,819	37,819	37,819	37,819		
23 Less Housing Set Aside at -20%	(7,082)	(7,558)	(7,558)	(7,643)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)		
24 Net Tax Increment Revenue	27,676	29,677	29,677	30,013	30,143	30,143	30,143	30,143	30,143	30,143	30,143	30,143		
25 Less AB1290 Statutory Pass Through	(7,082)	(7,558)	(7,558)	(7,643)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)	(7,676)		
26 Net Revenue after Pass Through	20,594	22,120	22,119	22,370	22,467	22,467	22,467	22,467	22,467	22,467	22,467	22,467		
27 Less 2009-10 SERAF	(10,149)	0	0	0	0	0	0	0	0	0	0	0		
28 Less 2010-11 SERAF	0	(2,751)	0	0	0	0	0	0	0	0	0	0		
29 Add Borrowed from Housing	8,439	0	0	0	0	0	0	0	0	0	0	0		
30 Less Repayment to Housing	0	(1,688)	(1,688)	(1,688)	(1,688)	(1,688)	0	0	0	0	0	0		
31 Net After SERAF	18,883	17,681	20,431	20,682	20,779	20,779	22,467	22,467	22,467	22,467	22,467	22,467		

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

May __, 2010

Redevelopment Agency of the
City of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

OPINION: \$22,235,000 Redevelopment Agency of the City of Long Beach Taxable Recovery Zone Economic Development Bonds, 2010 Series A (North Long Beach Redevelopment Project) and \$_____ Redevelopment Agency of the City of Long Beach Taxable Build America Bonds, 2010 Series B (North Long Beach Redevelopment Project)

Members of the Agency:

We have acted as bond counsel in connection with the issuance by the Redevelopment Agency of the City of Long Beach (the "Agency") of its \$22,235,000 Redevelopment Agency of the City of Long Beach Taxable Recovery Zone Economic Development Bonds, 2010 Series A (North Long Beach Redevelopment Project), and its \$_____ Redevelopment Agency of the City of Long Beach Taxable Build America Bonds, 2010 Series B (North Long Beach Redevelopment Project) (collectively, the "Bonds"), pursuant to the provisions of the Community Redevelopment Law of the State of California (the "Law"), Resolution No. R.A. ____, adopted by the Agency on April 5, 2010, and an Indenture of Trust, dated as of May 1, 2002 (the "Original Indenture"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2005 (the "First Supplement"), by a Second Supplemental Indenture of Trust, dated as of February 1, 2006 (the "Second Supplement"), and by a Third Supplemental Indenture of Trust, dated as of May 1, 2010 (the "Third Supplement"), each between the Agency and The Bank of New York Mellon Trust Company, N.A. (successor to BNY Western Trust Company, and formerly known as The Bank of New York Trust Company, N.A.), as trustee. The Original Indenture, as amended and supplemented by the First Supplement, by the Second Supplement and by the Third Supplement, is referred to below as the "Indenture."

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, that:

1. The Agency is duly created and validly existing as a public body, corporate and politic, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable in accordance with its terms.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, on a parity with the lien thereon with respect to the 2002 Bonds, the 2005 Bonds and any future Parity Debt, as such terms are defined in the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Bonds is subject to all applicable federal taxation.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Agency and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement") dated for convenience as of May 1, 2010 (and entered into as of May __, 2010), is executed and delivered by the Redevelopment Agency of the City of Long Beach (the "Issuer") and the City of Long Beach (the "Dissemination Agent"), in connection with the issuance by the Issuer of its Redevelopment Agency of the City of Long Beach Taxable Recovery Zone Economic Development Bonds, 2010 Series A (North Long Beach Redevelopment Project) and its Redevelopment Agency of the City of Long Beach Taxable Build America Bonds, 2010 Series B (North Long Beach Redevelopment Project) (collectively, the "2010 Bonds"). The 2010 Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2002 (the "Original Indenture"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2005, by a Second Supplemental Indenture of Trust, dated as of February 1, 2006, and by a Third Supplemental Indenture of Trust, dated as of May 1, 2010 (the Original Indenture, as so amended and supplemented, is referred to below as the "Indenture"), each by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. (successor to BNY Western Trust Company and formerly known as The Bank of New York Trust Company, N.A.), as trustee (the "Trustee").

The Issuer and the Dissemination Agent hereby agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the 2010 Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2010 Bond (including a person holding a 2010 Bond through a nominee, depository or other intermediary), or (b) is treated as the owner of any 2010 Bond for federal income purposes.

"Dissemination Agent" shall mean the City of Long Beach, or any successor Dissemination Agent designed in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system, and any other Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently recognized by the Securities and Exchange Commission are set forth in the SEC website located at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" shall mean the Issuer's official statement with respect to the 2010 Bonds.

"Participating Underwriter" shall mean the original underwriter of the 2010 Bonds required to comply with the Rule in connection with the offer and sale of the 2010 Bonds.

"Repository" shall mean the National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) Not later than 180 days after the end of the Issuer's fiscal year (which currently ends on September 30), commencing with the fiscal year ending September 30, 2010, the Issuer shall, or shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 business days prior to the date referred to in the prior sentence hereof, the Issuer shall provide the Annual Report (in a form suitable for filing with the Repositories) to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) If by the date required in subsection (a) the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer will be filing the Annual Report in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice in substantially the form attached as Exhibit A to the Municipal Securities Rulemaking Board ("MSRB") and each State Repository, if any.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report and the name and address of each Repository;

(ii) provide any Annual Report received by it to each Repository as provided herein; and

(iii) if it has provided the Annual Report pursuant to (ii) above, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference:

(a) Financial Statements. The audited financial statements of the Issuer for the most recent fiscal year of the Issuer then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following information:

(i) A description of any Parity Debt issued during such Fiscal Year.

(ii) Updates to the following tables in the Official Statement (or the provision of comparable information) using information for the most recent fiscal or calendar year for which information is available to the Issuer: (A) Table 4, indicating the ten largest taxpayers by assessed value in the Project Area; (B) Table 3, indicating historical taxable values and total incremental value for property in the Project Area; and (C) Table 6, indicating tax increment revenues, debt service on outstanding Bonds and debt service coverage, but only with regards to the information for the most recent Fiscal Year and including debt service on any Parity Debt issued after the 2010 Bonds.

(iii) Such further information, if any, as may be necessary to make the statements specifically required pursuant to this Section 4(b), in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Material Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the 2010 Bonds, if material:

- (i) principal and interest payment delinquencies,
- (ii) non-payment related defaults,
- (iii) unscheduled draws on the Reserve Fund reflecting financial difficulties,
- (iv) unscheduled draws on any credit enhancements reflecting financial difficulties,
- (v) substitution of credit or liquidity providers, or their failure to perform,

- (vi) adverse tax opinions or events adversely affecting the Tax-Exempt status of the 2010 Bonds,
- (vii) modifications to the rights of Bond Owners,
- (viii) contingent or unscheduled redemption of any Bond,
- (ix) defeasances,
- (x) any release, substitution, or sale of property securing repayment of the 2010 Bonds, and
- (xi) rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer has determined that the Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected 2010 Bonds pursuant to the Indenture.

(e) In the event that the Issuer's fiscal year changes, the Issuer shall give notice of such change to the Dissemination Agent and shall instruct the Dissemination Agent to report such change in the same manner and to the same parties as a material Listed Event would be reported pursuant to this Section.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2010 Bonds. If such termination occurs prior to the final maturity of the 2010 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Issuer.

SECTION 8. Amendment.

(a) This Disclosure Amendment may be amended, by written agreement of the parties, without the consent of the Owners, and any provision of this Dissemination Agreement may be waived, if all of the following conditions are satisfied: (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or

status of the Issuer or the type of business conducted thereby, (ii) the undertakings in this Disclosure Agreement as so amended or waived would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) the amendment or waiver either (A) is approved by the Owners of the 2010 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the 2010 Bonds or (B) does not, in the determination of the Issuer, materially impair the interests of the Owners or Beneficial Owners of the 2010 Bonds.

(b) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the 2010 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, Councilmembers, employees and agents harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder as mutually agreed upon by the Executive Director of the Agency and the City Treasurer. The Dissemination Agent shall have no duty or

obligation to review any information provided to it by the Issuer pursuant to this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2010 Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the 2010 Bonds; and it shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

REDEVELOPMENT AGENCY OF THE
CITY OF LONG BEACH

By: _____
David S. Nakamoto,
Agency Treasurer

CITY OF LONG BEACH, as Dissemination
Agent

By: _____
David S. Nakamoto,
City Treasurer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Redevelopment Agency of the City of Long Beach
Name of Bond Issue: Redevelopment Agency of the City of Long Beach Taxable Recovery
 Zone Economic Development Bonds, 2010 Series A (North Long Beach
 Redevelopment Project) and Redevelopment Agency of the City of
 Long Beach Taxable Build America Bonds, 2010 Series B (North Long
 Beach Redevelopment Project)
Date of Issuance: May __, 2009

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of Long Beach (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of May 1, 2010. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

City of Long Beach, as Dissemination Agent

By: _____

Its: _____

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX G HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY ("DTC"), NEW YORK, NEW YORK, FOR USE IN SECURITIES OFFERING DOCUMENTS, AND THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH (THE "AGENCY") TAKES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF. THE AGENCY CANNOT GIVE ANY ASSURANCES THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE THE BENEFICIAL OWNERS EITHER (A) PAYMENTS OF INTEREST, PRINCIPAL OR PREMIUM, IF ANY, WITH RESPECT TO THE BONDS OR (B) CERTIFICATES REPRESENTING OWNERSHIP INTEREST IN OR OTHER CONFIRMATION OF OWNERSHIP INTEREST IN THE BONDS, OR THAT THEY WILL SO DO ON A TIMELY BASIS OR THAT DTC, DTC DIRECT PARTICIPANTS OR DTC INDIRECT PARTICIPANTS WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

1. DTC will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Agency. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS FOR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS ON THE BONDS OR THE PROVIDING OF NOTICES TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

Exhibit B

List of Projects to be Financed

- **Fire Station 12**
- **East Police Station**
- **Long Beach Boulevard Street Improvements**
- **North Long Beach Library**
- **Del Amo Boulevard Medians**
- **Artesia Boulevard Medians**
- **Atlantic Avenue Medians**
- **Oregon Park**

RESOLUTION NO. R.A.

A RESOLUTION OF THE REDEVELOPMENT
AGENCY OF THE CITY OF LONG BEACH APPROVING
THE ISSUANCE AND SALE OF NORTH LONG BEACH
PROJECT AREA TAX ALLOCATION BONDS, AND
APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Law"), authorizes redevelopment agencies to incur indebtedness for the purpose of financing redevelopment activities within or of benefit to redevelopment project areas of redevelopment agencies; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (the "Federal Stimulus Act"), added sections 1400U-1 and 1400U-2 to the Internal Revenue Code of 1986 (the "Code"), authorizing state and local governmental agencies to issue recovery zone economic development bonds ("Recovery Zone Economic Development Bonds") upon compliance with various requirements of the Code; and

WHEREAS, among other requirements, the Code requires that the net proceeds of any Recovery Zone Economic Development Bonds be used for a "qualified economic development purpose," including to fund capital expenditures paid or incurred with respect to property located in a "recovery zone"; and

WHEREAS, on December 9, 2009, the Agency adopted Resolution No. R.A. 41-2009, designating the territory in the City as a "recovery zone" (the "Long Beach Recovery Zone") for purposes of section 1400U-1(b) of the Code; and

WHEREAS, under the Federal Stimulus Act, the City of Long Beach (the "City") has been allocated the authority to issue up to \$22,235,000 principal amount of Recovery Zone Economic Development Bonds and the City is expected to take action to transfer all of such allocation to the Redevelopment Agency of the City of Long Beach

(the "Agency") so that the Agency can issue Recovery Zone Economic Development Bonds; and

WHEREAS, the Federal Stimulus Act also added section 54AA to the Code, authorizing state and local governmental agencies to issue build America bonds ("Build America Bonds") upon compliance with various requirements of the Code; and

WHEREAS, the Agency now desires to finance redevelopment activities within or of benefit to the Agency's North Long Beach Redevelopment Project (the "Redevelopment Project"), which activities will promote development or other economic activity in the Long Beach Recovery Zone as contemplated by section 1400U-2(c) of the Code; and

WHEREAS, the Agency has determined at this time to issue Recovery Zone Economic Development Bonds and, possibly, Build America Bonds or bonds the interest on which will be excluded from gross income of the owners of the bonds for purposes of federal income taxation ("Tax-Exempt Bonds"), in each case under the provisions of the Law and the Code to finance redevelopment activities within or of benefit to the Redevelopment Project, with the payment of the principal of and interest on the bonds to be issued (the "Bonds") to be made from, and secured by a pledge of, the tax increment revenues received by the Agency from the Redevelopment Project on a parity with the pledge thereof to the payment of the Agency's outstanding 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project) and the Agency's outstanding 2005 Tax Allocation Bonds (North Long Beach Redevelopment Project); and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Law, and the Agency now desires to authorize the issuance of the Bonds, as provided herein;

NOW, THEREFORE, the Redevelopment Agency of the City of Long Beach, California resolves as follows:

Section 1. Authorization and Issuance of the Bonds. The Agency hereby authorizes the issuance of the Bonds in one or more series in the aggregate initial principal amount of not to exceed \$35,000,000. The Bonds shall be issued pursuant to the Law and an Indenture of Trust, dated as of May 1, 2002 (the "Original Indenture"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A. (successor to BNY Western Trust Company and formerly known as The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2005 (the "First Supplement"), by a Second Supplemental Indenture of Trust, dated as of February 1, 2006 (the "Second Supplement"), and by a Third Supplemental Indenture of Trust, dated as May 1, 2010 (the "Third Supplement"), each between the Agency and the Trustee.

The Bonds may be issued in one or more series, and may be issued as (a) Recovery Zone Economic Development Bonds; (b) Build America Bonds; (c) Tax-Exempt Bonds; or (d) a combination of any of the foregoing. The Agency Treasurer, upon consultation with Fieldman, Rolapp & Associates, the Agency's Financial Advisor for the Bonds, and Stone & Youngberg LLC, the underwriter for the Bonds (the "Underwriter"), shall determine the portions of the Bonds, if any, to be issued as Recovery Zone Economic Development Bonds, as Build America Bonds and as Tax-Exempt Bonds, as is in the best economic interest of the Agency. In any event, the initial aggregate principal amount of the Bonds shall not exceed \$35,000,000, and the initial principal amount of any Recovery Zone Economic Development Bonds shall not exceed \$22,235,000.

The Agency hereby approves the Third Supplement in the form on file with counsel to the Agency. The Chairman, Executive Director, and Treasurer (the "Designated Officers"), each acting alone, are hereby authorized and directed to

execute the Third Supplement on behalf of the Agency in such form, together with such additions thereto and changes therein as the Designated Officer executing such document shall deem necessary, desirable or appropriate (including, but not limited to, any changes necessary to reflect the proper terms of any Recovery Zone Economic Development Bonds, Build America Bonds or Tax-Exempt Bonds that are to be issued), and the execution of the Third Supplement by a Designated Officer shall be conclusive evidence of the approval of any such additions and changes. The Agency hereby authorizes the delivery and performance of the Third Supplement as so executed, and hereby ratifies and confirms the provisions of the Original Indenture, as amended and supplemented by the First Supplement and the Second Supplement.

Section 2. Sale of the Bonds. The Agency hereby approves the Bond purchase contract (the "Bond Purchase Agreement"), by and among the Underwriter, the Long Beach Bond Finance Authority (the "Authority"), and the Agency, in the form on file with counsel to the Agency. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the Agency in such form, together with such additions thereto or changes therein as the Designated Officer executing such document shall deem necessary, desirable or appropriate (and which are, in any event, consistent with the requirements of the succeeding sentence), and the execution of the Bond Purchase Agreement by a Designated Officer shall be conclusive evidence of the approval of any such additions or changes. The Agency hereby approves the negotiated sale of the Bonds to the Authority, and the sale of the Bonds by the Authority to the Underwriter, pursuant to the Bond Purchase Agreement, so long as the Underwriter's discount, excluding any original issue discount, does not exceed 0.40% of the initial principal amount of the Bonds, the net interest cost of any Bonds issued as Recovery Zone Economic Development Bonds or as Build America Bonds does not exceed 9.00%, the net interest cost of any Bonds issued as Tax-Exempt Bonds does not exceed 6.50%, and the initial aggregate principal amount of the Bonds is not in excess of \$35,000,000.

Section 3. Official Statement. The Agency hereby authorizes the Designated Officers, each acting alone, to cause the form of the Preliminary Official Statement for the Bonds on file with counsel to the Agency to be finalized, and to deem it final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), as amended, except for omissions permitted under the Rule. Distribution of the Preliminary Official Statement by the Underwriter to prospective purchasers of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute a final Official Statement describing the Bonds, including as the Preliminary Official Statement may be modified by such additions thereto and changes therein as the Designated Officer executing such document shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by a Designated Officer shall be conclusive evidence of the approval of any such additions and changes. The Agency hereby authorizes the distribution of the final Official Statement by the Underwriter.

Section 4. Authentication and Delivery of the Bonds. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon the instruction of the Underwriter in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions such officer is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Underwriter in accordance with the Bond Purchase Agreement upon payment of the purchase price therefor.

Section 5. Continuing Disclosure Agreement; Calculation Agency Agreement. The Continuing Disclosure Agreement between the Agency and the City, and the Calculation Agency Agreement between the Agency and The Bank of New York Mellon Trust Company, N.A., as calculation agent (collectively, the "Related

Agreements”), in the respective forms on file with counsel to the Agency, are hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed, on behalf of the Agency, to execute and deliver the Related Agreements in said forms, with such additions thereto or changes therein as the Designated Officer executing such documents shall deem necessary, desirable or appropriate, the approval of such changes to either of the Related Agreements to be conclusively evidenced by the execution and delivery by a Designated Officer of the respective Related Agreement.

Section 6. Official Actions. The Chairman, the Executive Director, the Treasurer, the Secretary and any and all other officers of the Agency are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds as described in the documents approved by this Resolution.

Section 7. The Executive Director of the Agency is authorized to take all steps and to sign all documents and instructions necessary to implement and carry out the Disposition and Development Agreement on behalf of the Agency.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of Long Beach, California this 5th day of April, 2010.

Executive Director/Secretary

APPROVED:

Chair

RESOLUTION NO. R.A.

A RESOLUTION OF THE REDEVELOPMENT
AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA,
MAKING CERTAIN FINDINGS REGARDING THE
CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS
WITH NORTH REDEVELOPMENT FUNDS (POLICE
SUBSTATION)

WHEREAS, the City Council of the City of Long Beach adopted and approved a certain Redevelopment Plan (the "Redevelopment Plan") for the North Long Beach Redevelopment Project Area (the "Project"); and

WHEREAS, in furtherance of the Project and the immediate neighborhood in which the Project is located, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), has recognized the need for certain public improvements, which improvements will be located within or adjacent to the boundaries of the Project, and proposes to use redevelopment funds to finance these improvements; and

WHEREAS, Section 33445 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) requires the Agency to make certain findings prior to the acquisition of land and construction of public improvements or facilities thereon; and

WHEREAS, Section 33678 of the Community Redevelopment Law provides that under certain conditions tax increment funds shall not be subject to the appropriations limitation of Article XIII B of the California Constitution;

NOW, THEREFORE, the Redevelopment Agency of the City of Long Beach, California resolves as follows:

Section 1. The Agency determines that the construction of public improvements, more particularly described in Exhibit "A", are of benefit to the Project

and the immediate neighborhood in which the Project is located. This finding is supported by the following facts:

The proposed improvements will facilitate the removal of blight by improving public safety within the Project Area.

Section 2. The Agency determines that no other reasonable means of financing the above-described improvements are available to the community. This finding is supported by the following facts:

Before the passage of Proposition 13, most of the City's general operating and capital improvements were funded through property taxes. However, the initiative placed severe constraints on the City's ability to use property tax revenues to offset increases in operating and capital costs. It has also been difficult for the City, by itself, to provide sufficient funds to support the construction of major public improvements. In fiscal year 2009-2010, the limited resources of the City's General Fund are committed to previously incurred obligations and planned projects.

Section 3. The Agency further determines that the payment of funds for the construction of the public improvements will assist in the elimination of one or more blighting conditions within the Project, and is consistent with the implementation plan adopted pursuant to Health and Safety Code Section 33490.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of Long Beach, California this _____ day of _____, 2010.

Executive Director/Secretary

APPROVED:

Chair

Exhibit A

East Police Station