

Exhibit A

**Potential Savings
Restructuring Series 2002 Bonds**

Year	North	Downtown	Total
2006		\$31,850	\$31,850
2007		18,100	18,100
2008		18,100	18,100
2009		18,100	18,100
2010		18,100	18,100
2011		18,100	18,100
2012		18,100	18,100
2013	117,569	28,100	145,669
2014	119,394	31,563	150,957
2015	120,694	30,438	151,132
2016	120,169	29,106	149,275
2017	119,169	32,794	151,963
2018	117,675	32,175	149,850
2019	115,669	29,481	145,150
2020	118,150	27,787	145,937
2021	119,850	31,038	150,888
2022	120,750	29,000	149,750
2023	117,000	27,750	144,750
2024	118,250	31,500	149,750
2025	119,250		119,250
2026	120,000		120,000
2027	120,500		120,500
2028	115,750		115,750
2029	116,000		116,000
2030	116,000		116,000
2031	120,750		120,750
	\$2,252,589	\$501,182	\$2,753,771

Total Sources and Uses

	North	Downtown	Total
Sources			
Par Amount of Bonds	\$31,000,000	\$7,365,000	\$38,365,000
Reoffering Premium	3,286,168	869,825	4,155,993
Total	34,286,168	8,234,825	42,520,993
Uses			
Underwriters Discount	155,000	36,825	191,825
Costs of issuance	202,007	47,993	250,000
Bond Insurance	743,498	171,396	914,894
Refunding	33,182,933	7,692,019	40,874,952
Rounding	2,730	286,593	289,323
Total	\$34,286,168	\$8,234,826	\$42,520,994

**NEW ISSUE
BOOK ENTRY-ONLY**

Ratings: See "RATINGS" herein.

In the opinion of Quint & Thimmig LLP, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Series 2005C Bonds is excluded from gross income for federal tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Series 2005C Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

[City Logo]

\$[]*

[Redev Logo]

**LONG BEACH BOND FINANCE AUTHORITY
TAX ALLOCATION REVENUE BONDS
(Downtown and North Long Beach
Redevelopment Project Areas)
2005 Series C**

Dated: Date of Delivery

Due: August 1, as shown on the inside front cover

The Long Beach Bond Finance Authority, Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas) 2005 Series C (the "Series 2005C Bonds") are being issued by the Long Beach Bond Finance Authority (the "Authority") pursuant to Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6584), a resolution of the Authority and an Indenture of Trust, dated as of [August] 1, 2005 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). [The Series 2005C Bonds are being issued to (a) purchase a portion of the outstanding Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) (the "Purchased Series 2002A Downtown Bonds") and to effectuate a purchase on or about August 1, 2012 (the "Series 2002 North Long Beach Purchase Date") of all of the outstanding Redevelopment Agency of the City of Long Beach 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project) (the "Purchased Series 2002 North Long Beach Bonds," and together with the Purchased Series 2002A Downtown Bonds, the "Agency Bonds") in order to advance refund a portion of the outstanding Long Beach Bond Finance Authority Tax Allocation Revenue Bonds (Downtown, North Long Beach, Poly High and West Beach Redevelopment Project Areas) 2002 Series A and finance certain redevelopment projects in the Downtown Project Area (as defined herein), and (b) to pay costs of issuance of the Series 2005C Bonds.]

[The Series 2005C Bonds are special limited obligations of the Authority payable from and secured by a first lien on and pledge of Revenues (as defined herein), consisting primarily of (a) the payment of all principal, interest and redemption premiums, if any, made by the Agency on the Purchased Series 2002A Downtown Bonds, (b) prior to the Series 2002 North Long Beach Purchase Date, the earnings received by the Authority from amounts deposited to the purchase fund under the Indenture, and (c) on and after the Series 2002 North Long Beach Purchase Date, the payment of all principal, interest and redemption premiums, if any, made by the Agency on the Purchased Series 2002 North Long Beach Bonds.] A default in the payment of principal and interest on one issue of Agency Bonds constitutes an event of default under the respective indenture under which each was issued. A default under one issue of Agency Bonds does not constitute a default under the other issue of Agency Bonds, and, except as described herein, each issue of Agency Bonds is secured by a different source of moneys. An event of default under any issue of Agency Bonds may result in insufficient Revenues with which to pay the principal of and interest on the Series 2005C Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS."

The Series 2005C Bonds are issuable in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2005C Bonds is payable on February 1 and August 1 of each year, commencing on February 1, 2006. See "THE SERIES 2005C BONDS" herein.

Ownership interests in the Series 2005C Bonds may be purchased in book-entry form only through The Depository Trust Company, New York, New York ("DTC"). The Series 2005C Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Series 2005C Bonds. Principal of, premium, if any, and interest on the Series 2005C Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to its Direct Participants (as defined herein) for subsequent disbursement by the Direct Participants and the Indirect Participants (as defined herein) to the beneficial owners of interests in the Series 2005C Bonds. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

The Series 2005C Bonds are subject to optional, mandatory sinking fund and special mandatory redemption prior to maturity, as described herein. See "THE SERIES 2005C BONDS—Redemption" herein.

Payment of the principal of and interest on the Series 2005C Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2005C Bonds. See "BOND INSURANCE" herein.

[Ambac Logo]

THE SERIES 2005C BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED BY THE INDENTURE. THE SERIES 2005C BONDS ARE NOT A DEBT OF THE AGENCY, THE CITY OF LONG BEACH (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), AND NONE OF THE AUTHORITY, THE AGENCY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON (OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE). IN NO EVENT SHALL THE PRINCIPAL OF, ANY INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2005C BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY PLEDGED UNDER THE INDENTURE. THE SERIES 2005C BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY OR THE AGENCY ANY PERSONS EXECUTING THE SERIES 2005C BONDS ARE LIABLE PERSONALLY ON THE SERIES 2005C BONDS BY REASON OF THEIR ISSUANCE.

The purchase and ownership of the Series 2005C Bonds involve investment risk and may not be suitable for all investors. This cover page is not intended to be a summary of the terms of, or the security for, the Series 2005C Bonds. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Series 2005C Bonds, giving particular attention to the matters discussed under "CERTAIN BONDHOLDERS' RISKS" herein.

The Series 2005C Bonds are offered, when, as and if issued, subject to the approval as to their legality by Quint & Thimmig LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority, the City and the Agency by the City Attorney of the City of Long Beach. Certain legal matters will be

* Preliminary; subject to change.
Kutak Rock - Firm Library-4837-7303-1424.1

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 any such jurisdiction.

passed upon for the Authority by Kutak Rock LLP, Disclosure Counsel. It is anticipated that the Series 2005C Bonds will be available for delivery through the facilities of DTC on or about [August __], 2005.

E. J. De La Rosa & Co., Inc.

UBS Financial Services Inc.

Date of Official Statement:

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

\$[]*

LONG BEACH BOND FINANCE AUTHORITY
Tax Allocation Revenue Bonds
(Downtown and North Long Beach
Redevelopment Project Areas)
2005 Series C

Maturity					
Date	Principal	Interest			
(August 1)	Amount	Rate	Yield	CUSIP	¹

* Preliminary; subject to change.

¹ CUSIP numbers are provided only for the convenience of the reader. None of the Authority, the Agency, or the Underwriters take any responsibility for the accuracy of such CUSIP numbers or for any changes to or errors in this list of CUSIP numbers.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Agency or the Underwriters to give any information or to make any representations in connection with the offer and sale of the Series 2005C Bonds, other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the Agency or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the Series 2005C 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 Series 2005C 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 facts. See "INTRODUCTION—Forward-Looking Statements."

The information set forth in this Official Statement has been obtained from the Authority, the Agency, and other sources which are believed by the Authority and the Agency, as applicable, to be reliable. 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 laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the affairs of the Authority or the Agency since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2005C Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SERIES 2005C BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SERIES 2005C BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2005C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2005C BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

**LONG BEACH BOND FINANCE AUTHORITY
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Larry Herrera, City Clerk

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TABLE OF CONTENTS

	Page		Page
INTRODUCTION	1	Unitary Taxation of Utility Property	39
General	1	Property Tax Collection Procedures	40
The Series 2005C Bonds and the Agency Bonds	1	Property Tax Administrative Costs	41
Book-Entry Only	2	Plan Limitations	41
Security and Sources of Payment for the Series		Housing Set-Aside	44
2005C Bonds	3	AB 1290	45
Bond Insurance	4	The Educational Revenue Augmentation Fund	45
The Authority	4	THE AUTHORITY	45
The City and the Agency	4	APPROVAL OF LEGAL PROCEEDINGS	46
The Redevelopment Plans	5	TAX MATTERS	46
Continuing Disclosure Obligation	5	NO LITIGATION RELATING TO THE SERIES	
Fiscal Consultant's Report	6	2005C BONDS	47
Forward-Looking Statements	6	RATINGS	47
Other Matters	7	CONTINUING DISCLOSURE	48
THE FINANCING PLAN AND APPLICATION OF		UNDERWRITING	48
SERIES 2005C BOND PROCEEDS	7	VERIFICATION OF MATHEMATICAL	
Plan of Financing	7	ACCURACY	48
Estimated Sources and Uses of Funds	9	FINANCIAL ADVISOR	49
THE SERIES 2005C BONDS	9	MISCELLANEOUS	49
Authority for Issuance	9	APPENDIX A	THE AGENCY AND THE PROJECT AREAS
Description of the Series 2005C Bonds	9	APPENDIX B	FISCAL CONSULTANT'S REPORT
Book-Entry-Only System	10	APPENDIX C	AUDITED FINANCIAL REPORT OF THE
Redemption	10		REDEVELOPMENT AGENCY OF THE CITY
THE AGENCY BONDS	13		OF LONG BEACH FOR THE FISCAL YEAR
Authority for Issuance	13		ENDED SEPTEMBER 30, 2003
Description of the Agency Bonds	13	APPENDIX D	CERTAIN INFORMATION CONCERNING
Redemption of Purchased Series 2002A			THE CITY OF LONG BEACH
Downtown Bonds	13	APPENDIX E	SUMMARY OF PRINCIPAL LEGAL
Redemption of Purchased Series 2002 North Long			DOCUMENTS
Beach Bonds	15	APPENDIX F	BOOK-ENTRY-ONLY SYSTEM
Authority Consent for Optional Redemption of		APPENDIX G	FORM OF BOND COUNSEL'S OPINION
Agency Bonds	16	APPENDIX H	FORM OF CONTINUING DISCLOSURE
Debt Service Schedule for the Agency Bonds and			AGREEMENT
the Series 2005C Bonds	16	APPENDIX I	SPECIMEN FORM OF FINANCIAL
SECURITY AND SOURCES OF PAYMENT FOR		APPENDIX J	GUARANTY INSURANCE POLICY
THE SERIES 2005C BONDS	17		SURPLUS PAYMENTS
General	17		
Security for the Agency Bonds	19		
Limited Obligations	25		
Sale of Agency Bonds	26		
BOND INSURANCE	26		
Payment Pursuant to Financial Guaranty			
Insurance Policy	26		
Ambac Assurance Corporation	27		
Available Information	28		
CERTAIN BONDHOLDERS' RISKS	29		
Projected Tax Increment Revenues	29		
Reduction in Taxable Values	29		
Reduction in Inflationary Rate	30		
Development Risks	31		
State Budget	31		
Levy and Collection	32		
Assessment Appeals and Tax Delinquencies	32		
Limitations on Agency Tax Increment Revenues	33		
Limitations of Surplus Payments	33		
Hazardous Substances	33		
Bankruptcy and Foreclosure	33		
Separate Security; Default of Agency Bonds	34		
No Acceleration	34		
Secondary Market	34		
Loss of Tax Exemption on the Series 2005C			
Bonds	34		
Risk of Earthquake	35		
Parity Debt	35		
Subordinate Pledge of Downtown Tax Increment			
Revenues	35		
LIMITATIONS ON TAX REVENUES	36		
Introduction	36		
Property Tax Rate and Appropriation Limitations	36		
Future Initiatives	39		

OFFICIAL STATEMENT

\$[_____]*
LONG BEACH BOND FINANCE AUTHORITY
TAX ALLOCATION REVENUE BONDS
(Downtown and North Long Beach
Redevelopment Project Areas)
2005 Series C

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, Table of Contents and Appendices hereto (the "Official Statement"), is to provide information about the sale and delivery by the Long Beach Bond Finance Authority (the "Authority") of its \$[_____]* aggregate principal amount of Long Beach Bond Finance Authority, Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas), 2005 Series C (the "Series 2005C Bonds"). Capitalized terms used in this Official Statement and not defined elsewhere herein have the meanings given such terms in "APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Definitions" and "APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Definitions."

The Series 2005C Bonds and the Agency Bonds

Series 2005C Bonds. The Series 2005C Bonds are being issued pursuant to Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6584) (the "Bond Law"), a resolution of the Authority authorizing the issuance of the Series 2005C Bonds (the "Authority Resolution") and an Indenture of Trust, dated as of [August] 1, 2005 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Series 2005C Bonds will mature on the dates and in the principal amounts set forth on the inside front cover of this Official Statement. Interest on the Series 2005C Bonds is payable on February 1 and August 1 (each an "Interest Payment Date"), commencing on [February] 1, 2006, computed at the respective rates of interest set forth on the inside front cover page of this Official Statement. [The Series 2005C Bonds are subject to optional and mandatory sinking fund redemption, as described herein. See "THE SERIES 2005C BONDS—Redemption" herein.] [The Series 2005C Bonds are being issued to purchase \$[_____] aggregate principal amount of the Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) (the "Purchased Series 2002A Downtown Bonds") at the time of delivery of the Series 2005C Bonds and to effectuate a purchase on or about August 1, 2012 (the "Series 2002 North Long Beach Purchase Date") of \$33,366,000 aggregate principal amount of the Redevelopment Agency of the City of Long Beach 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project) (the "Purchased Series 2002 North Long Beach Bonds," and together with the Purchased Series 2002A Downtown Bonds, the "Agency Bonds") in order to advance refund \$[_____] aggregate principal amount of the outstanding Long Beach Bond Finance Authority Tax Allocation Revenue Bonds (Downtown, North Long Beach, Poly High and West Beach Redevelopment Project Areas) 2002 Series A (the "Refunded Bonds") and finance certain redevelopment projects in the Downtown Project Area (as defined herein).]

* Preliminary; subject to change.

The Series 2005C Bonds are special limited obligations of the Authority payable from and secured by a first lien on and pledge of Revenues (as defined herein), consisting primarily of: (a) the payment of all principal, interest and redemption premiums, if any, made by the Redevelopment Agency of the City of Long Beach (the "Agency") on the Purchased Series 2002A Downtown Bonds; (b) prior to the Series 2002 North Long Beach Purchase Date, the earnings received by the Authority from amounts deposited to the purchase fund pursuant to the Indenture (the "Purchase Fund"); and (c) on and after the Series 2002 North Long Beach Purchase Date, the payment of all principal, interest and redemption premiums, if any, made by the Agency on the Purchased Series 2002 North Long Beach Bonds.

Agency Bonds. The Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project), including the Purchased Series 2002A Downtown Bonds (collectively, the "Series 2002A Downtown Bonds") and the Redevelopment Agency of the City of Long Beach 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project), including the Purchased Series 2002 North Long Beach Bonds (collectively, the "Purchased Series 2002 North Long Beach Bonds"), were previously issued in accordance with Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Redevelopment Law"), other applicable laws and the Constitution of the State of California, and resolutions adopted by the Agency on April 8, 2002 and May 13, 2002 (collectively, the "Agency Resolution"), which authorized, among other things, the issuance of the Agency Bonds. The Purchased Series 2002A Downtown Bonds were also issued pursuant to an Indenture of Trust, dated as of May 1, 2002, as [amended and supplemented] by a First Supplemental Indenture of Trust, dated as of [August] 1, 2005 (collectively, the "Downtown Indenture"), by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the "Downtown Trustee"). The Purchased Series 2002 North Long Beach Bonds were also issued pursuant to an Indenture of Trust, dated as of May 1, 2002, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2005, and as further [amended and supplemented] by a Second Supplemental Indenture of Trust, dated as of [August] 1, 2005 (collectively, the "North Long Beach Indenture"), by and between the Agency and The Bank of New York Trust Company, N.A., as successor trustee (the "North Long Beach Trustee"). The Downtown Indenture and the North Long Beach Indenture are collectively referred to herein as the "Agency Indentures;" and the Downtown Trustee and the North Long Beach Trustee are collectively referred to herein as the "Agency Trustee."

The Series 2002A Downtown Bonds were originally issued to repay certain amounts to the City previously loaned to the Agency for redevelopment activities in the Downtown Project Area, which amounts were in turn re-loaned to the Agency to finance additional redevelopment projects located in the Downtown Project Area, to refund certain bonds previously issued for the benefit of the Downtown Project Area, to discharge the Agency's obligation under certain agreements, to fund a reserve account with respect to the Series 2002A Downtown Bonds (the "Downtown Reserve Account") and to pay costs of issuance of the Series 2002A Downtown Bonds. The Series North Long Beach Bonds were originally issued to finance certain redevelopment projects located in the North Long Beach Project Area (as defined herein), to fund a reserve account with respect to the Series 2002 North Long Beach Bonds (the "North Long Beach Reserve Account") and to pay costs of issuance of the Series 2002 North Long Beach Bonds.

Book-Entry Only

Ownership interests in the Series 2005C Bonds may be purchased in book-entry form only through The Depository Trust Company, New York, New York ("DTC"). The Series 2005C Bonds will be issuable in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as the depository of the Series 2005C Bonds and all payments due on the Series 2005C Bonds will be made to DTC or its nominee. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2005C Bonds, references herein to the Owner or

registered owner will mean Cede & Co. and will not mean the Beneficial Owners (as defined herein) of the Series 2005C Bonds. See "THE SERIES 2005C BONDS—Book-Entry-Only System" and "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Security and Sources of Payment for the Series 2005C Bonds

The Series 2005C Bonds are secured by a first lien on and pledge of Revenues, which include (a) all amounts derived from or with respect to the Purchased Series 2002A Downtown Bonds, including, but not limited to, all principal, interest and redemption premiums, if any, paid to the Trustee as the Holder of the Purchased Series 2002A Downtown Bonds; (b) prior to the Series 2002 North Long Beach Purchase Date, the earnings received by the Authority from amounts deposited to the Purchase Fund; (c) on and after the Series 2002 North Long Beach Purchase Date, all amounts derived from or with respect to the Purchased Series 2002 North Long Beach Bonds, including, but not limited to, all principal, interest and redemption premiums, if any, paid to the Trustee as the Holder of the Purchased Series 2002 North Long Beach Bonds; (d) all moneys deposited and held from time to time in the funds and accounts established under the Indenture, other than the Rebate Account, and (e) all income and gains with respect to the investment of amounts on deposit in the funds and accounts established under the Indenture, other than the Rebate Account and the Costs of Issuance Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS."

The Agency Bonds are special limited obligations of the Agency payable solely from the Agency Tax Increment Revenues (as defined herein) [(other than the Purchased Series 2002A Downtown Bonds as described in the following sentence)], consisting, as to each respective Redevelopment Plan (as defined herein) for the Downtown Project Area and the North Long Beach Project Area, of taxes eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with each respective Redevelopment Plan for the Downtown Project Area and the North Long Beach Project Area, excluding amounts, if any, required to be deposited by the Agency in the respective Low and Moderate Income Housing Funds, as provided for in the respective Redevelopment Plans for the Downtown Project Area and the North Long Beach Project Area. [The Purchased Series 2002A Downtown Bonds are also initially payable from the Downtown Other Revenues (as defined herein).] Except as provided in the following sentence, the respective Agency Tax Increment Revenues of each respective Redevelopment Plan for the Downtown Project Area and the North Long Beach Project Area are only available for payment of the respective Agency Bonds issued in connection with that certain Redevelopment Plan, and are not available for the payment of any other Agency Bonds issued in connection with a different Redevelopment Plan. The debt service payments to be made by the Agency to the Authority on the Purchased Series 2002 North Long Beach Bonds are in excess of the actual principal and interest due on such Purchased Series 2002 North Long Beach Bonds. Such excess moneys will be used by the Authority to make up any shortfalls of debt service payments due on any of the issues of Agency Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS" herein.

Payments of principal and interest to be made by the Agency on the Agency Bonds and the earnings to be received by the Authority from amounts deposited to the Purchase Fund are calculated to be sufficient in the aggregate to pay principal and interest on the Series 2005C Bonds as such become due. The Agency Bonds are independent limited obligations of the Agency and the occurrence of an event of default with respect to one issue of Agency Bonds will not, in and of itself, constitute an event of default under the other issue of the Agency Bonds or under the Series 2005C Bonds. The Agency Bonds are secured by different sources of moneys. However, an event of default with regards to any issue of Agency Bonds may result in insufficient Revenues with which to pay the principal of and interest on the Series 2005C Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS" and "CERTAIN BONDHOLDERS' RISKS."

At the time of the original issuance of the Agency Bonds separate reserve accounts were funded under each applicable Agency Indenture, in order to secure the payment of principal of and interest on the respective Agency Bonds issued under each respective Agency Indenture, equal to the applicable Reserve Requirement (as defined herein). The initial deposit to each respective reserve account, was made from a portion of the proceeds of each respective issue of Agency Bonds.

Amounts on deposit in the reserve account created pursuant to the Downtown Indenture are only available to pay the principal of and interest on the Series 2002A Downtown Bonds (including the Purchased Series 2002A Downtown Bonds), and are not available for the payment of the principal of and interest on the Purchased Series 2002 North Long Beach Bonds. On and after the Series 2002 North Long Beach Purchase Date, amounts on deposit in the reserve account created pursuant to the North Long Beach Indenture will only be available to pay the principal of and interest on the Purchased Series 2002 North Long Beach Bonds (subject to a parity lien granted to the Series 2005 North Long Beach Bonds (as defined herein), and will not be available for the payment of the principal of and interest on the Purchased Series 2002A Downtown Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS—Security for the Agency Bonds."

THE SERIES 2005C BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED IN THE INDENTURE. THE SERIES 2005C BONDS ARE NOT A DEBT OF THE AGENCY, THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE AUTHORITY, THE AGENCY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON. IN NO EVENT SHALL THE PRINCIPAL OF OR ANY INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2005C BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. THE SERIES 2005C BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY, THE AGENCY OR THE CITY NOR ANY PERSONS EXECUTING THE SERIES 2005C BONDS ARE LIABLE PERSONALLY ON THE SERIES 2005C BONDS BY REASON OF THEIR ISSUANCE.

Bond Insurance

Payment of the principal of and interest on the Series 2005C Bonds when due will be insured by a financial guaranty insurance policy (the "Bond Insurance Policy") to be issued by Ambac Assurance Corporation (the "Bond Insurer") simultaneously with the issuance of the Series 2005C Bonds. See "BOND INSURANCE."

The Authority

The Authority was formed pursuant to a Joint Exercise of Powers Agreement dated June 26, 1997, as amended and supplemented, by and between the City and the Agency. The Authority is governed by a board of directors comprised of the City Manager of the City, the Treasurer of the City and the Director of Financial Management of the City. The City Manager of the City is also the Chair of the Authority. See "THE AUTHORITY" herein.

The City and the Agency

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 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 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.

In 1961, the City, acting pursuant to the Redevelopment Law, activated the Agency by an ordinance of the City Council of the City (the "City Council"). 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. [The City Council is currently considering several alternatives to changing the members of the Agency Board, including an alternative whereby the City Council would declare itself the Agency Board.] 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.

The Redevelopment Plans

Pursuant to the Redevelopment Law, the City adopted certain redevelopment plans for the improvement of certain portions of the City, including those designated as the Downtown Redevelopment Project Area (the "Downtown Project Area") and the North Long Beach Redevelopment Project Area (the "North Long Beach Project Area," and collectively with the Downtown Project Area, the "Redevelopment Project Areas").

The Redevelopment Plan for the Downtown Project Area, as amended (the "Downtown Redevelopment Plan") was adopted by an ordinance adopted by the City Council on June 17, 1975. The Downtown Project Area encompasses the City's Central Business District, the City/County Civic Complex, the Tidelands Development Area and a portion of the City's Pacific Coastline, and is comprised of approximately 421 acres of land. See "APPENDIX A—THE AGENCY AND THE PROJECT AREAS—DOWNTOWN PROJECT AREA."

The Redevelopment Plan for the North Long Beach Project Area (the "North Long Beach Redevelopment Plan") was adopted by an ordinance adopted by the City Council on July 16, 1996. The North Long Beach 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 North Long Beach 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 of Long Beach (the "Port"). See "APPENDIX A—THE AGENCY AND THE PROJECT AREAS—NORTH LONG BEACH PROJECT AREA."

The Downtown Redevelopment Plan and the North Long Beach Redevelopment Plan are collectively referred to herein as the "Redevelopment Plans." The Authority, the City and the Agency are separate and distinct legal entities, and the debts and obligations of one such entity are not debts or obligations of either of the other such entities.

Continuing Disclosure Obligation

Upon the issuance of the Series 2005C Bonds, the Authority, the Agency and the City, as dissemination agent, will enter into a continuing disclosure agreement (the "Continuing Disclosure Agreement"). The Authority, the Agency and the City will covenant in the Continuing Disclosure Agreement to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state

repository and any public or private repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "Rule"), or alternatively to the Texas Municipal Advisory Council, certain annual financial information and operating data of the type set forth herein including, but not limited to, the audited financial statements of the Agency in a timely manner, notice of certain material events. See "CONTINUING DISCLOSURE" and "APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT" for a description of the specific nature of the annual reports and notices of material events and a summary description of the terms of the Continuing Disclosure Agreement pursuant to which such reports and notices are to be made. The Authority, the Agency and the City have never failed to comply with the Rule regarding the filing of annual reports or notices of material events.

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2005C Bonds and the Authority accordingly will not provide any such information. The Authority will have no liability to the holders of the Series 2005C Bonds with respect to the disclosure obligations undertaken by the Agency.

Fiscal Consultant's Report

In connection with the issuance of the Agency's (a) 2005 Tax Allocation Bonds (Central Long Beach Redevelopment Project) (the "Series 2005 Central Bonds"), (b) 2005 Tax Allocation Bonds (Los Altos Redevelopment Project) (the "Series 2005 Los Altos Bonds"), (c) 2005 Tax Allocation Bonds (North Long Beach Redevelopment Project) (the "Series 2005 North Long Beach Bonds"), (d) 2005 Subordinate Tax Allocation Bonds (Poly High Redevelopment Project) (the "Series 2005 Poly High Bonds"), (e) 2005 Subordinate Tax Allocation Bonds (West Beach Redevelopment Project) (the "Series 2005 West Beach Bonds"), and (f) 2005 Tax Allocation Bonds (Housing Projects) (the "Series 2005 Housing Bonds"), Keyser Marston Associates, Inc. (the "Fiscal Consultant") prepared a Fiscal Consultant's Report, dated February 1, 2005 (the "Fiscal Consultant's Report"), which, among other things, provides projections of tax increment revenues for the Agency's redevelopment project areas, including the Downtown Project Area and the North Long Beach Project Area. The Fiscal Consultant's Report is included as Appendix B to this Official Statement. The Fiscal Consultant's Report should be read in its entirety for an understanding of the assumptions and rationale underlying the projections contained therein. The Fiscal Consultant's Report has not been revised subsequent to the date of such report. See "APPENDIX B—FISCAL CONSULTANT'S REPORT." [Supplement to Report?]

Forward-Looking Statements

This Official Statement, and particularly the information contained under the headings entitled "THE FINANCING PLAN," "ESTIMATED SOURCES AND USES OF FUNDS," "THE AGENCY BONDS—Debt Service Schedules for Agency Bonds and the Series 2005C Bonds," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS," "BOND INSURANCE," "APPENDIX A—THE AGENCY AND THE PROJECT AREAS," "APPENDIX B—FISCAL CONSULTANT'S REPORT," and "APPENDIX C—AUDITED FINANCIAL REPORT OF THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004," contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. 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 respective forward-looking statements if or when

their respective expectations, or events, conditions or circumstances on which such statements are based occur. See "CERTAIN BONDHOLDERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

Other Matters

There follows in this Official Statement brief descriptions of the Series 2005C Bonds, the Agency Bonds, the security for the Series 2005C Bonds, the security for the Agency Bonds, the Indenture, the Agency Indentures, the Authority, the Agency, the City, the Redevelopment Project Areas and certain other information relevant to the issuance of the Agency Bonds and the Series 2005C 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 such documents are qualified in their entirety by reference to each such document for the complete details of all of their 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. Copies of the Indenture and the Agency Indentures are available for inspection during business hours at the respective corporate trust office of the Trustee and the Agency Trustee in Los Angeles, California.

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 Authority, the Agency or the City since the date hereof.

All financial and other information presented in this Official Statement has been provided by the Authority, the Agency and the City from their records, except for information expressly attributed to other sources. The presentation of information, including the table of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the Authority, the Agency or the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

THE FINANCING PLAN AND APPLICATION OF SERIES 2005C BOND PROCEEDS

Plan of Financing

The proceeds of the Series 2005C Bonds will be applied to: (a) purchase the Agency Bonds in order to effect the advance refunding and defeasance of the Refunded Bonds, (b) finance certain redevelopment projects in the Downtown Project Area, (c) pay the premium for the Bond Insurance Policy, and (d) pay the costs of issuance of the Series 2005C Bonds.

The Purchased Series 2002A Downtown Bonds will be purchased from The Bank of New York Trust Company, N.A., as successor trustee for the Refunded Bonds (the "Series 2002 Trustee") under that certain Indenture of Trust, dated as of May 1, 2002 (the "Series 2002 Indenture", by and between the Authority and the Series 2002 Trustee, by depositing a portion of the purchase price to an escrow fund (the "Series 2002 Escrow Fund") established pursuant to the Escrow Deposit and Trust Agreement, dated as of [August] 1, 2005, (the "Escrow Agreement"), by and between the Authority and the Series 2002 Trustee, and depositing the remaining purchase price to the Program Fund. The amounts deposited in the Program Fund will be used to fund projects in the Downtown Project Area.

The Authority will deposit a portion of the proceeds of the Series 2005C Bonds to the Purchase Fund. The earnings received on the deposit to the Purchase Fund will be used to pay a portion of the interest due on the Series 2005C Bonds until and including August 1, 2012. On August 1, 2012, the Authority will purchase the Purchased Series 2002 North Long Beach Bonds from the Series 2002 Trustee by depositing all amounts remaining in the Purchase Fund with the Series 2002 Trustee, who will use such moneys to redeem a portion of the Refunded Bonds on August 1, 2012.

The Authority intends to advance refund and defease the Refunded Bonds identified in the table below:

Maturity Date (August 1)	Principal Redeemed	Redemption Price ¹	CUSIP Number ²
		100%	542420[]
		100	542420[]
		100	542420[]
		100	542420[]
		100	542420[]
		100	542420[]

¹ Plus accrued interest to, but not including August 1, 2012.

² CUSIP numbers are provided only for the convenience of the reader. None of the Authority, the Agency or the Underwriters take any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in this list of CUSIP numbers.

A portion of the proceeds of the Series 2005C Bonds will be deposited with (a) the Series 2002 Trustee and held in the Series 2002 Escrow Fund and (b) the Trustee and held in the Purchase Fund. Proceeds deposited into the Series 2002 Escrow Fund will be invested in direct, noncallable obligations of the United States Treasury (the "Government Obligations") or held uninvested in cash, and such amounts, together with the earnings thereon, if any, will be used to refund a portion of the Refunded Bonds on August 1, 2012, plus accrued interest due on such redemption date. Proceeds deposited into the Purchase Fund will be invested in Government Obligations or held uninvested in cash, and such amounts, together with the earnings thereon, if any, will be used to pay a portion of the interest due on the Series 2005C Bonds until and including August 1, 2012 and to refund a portion of the Refunded Bonds on August 1, 2012, plus accrued interest due on such redemption date.

[VERIFICATION AGENT] will verify that the Government Obligations, together with the earnings thereon, and the uninvested cash on deposit in the Series 2002 Escrow Fund and the Purchase Fund will be sufficient to pay all principal and interest due on the Refunded Bonds on August 1, 2012 and a portion of the interest on the Series 2005C Bonds until and including August 1, 2012, as applicable. See "VERIFICATION OF MATHEMATICAL ACCURACY."

Estimated Sources and Uses of Funds

Sources

Principal Amount of Series 2005C Bonds	\$
Net Original Issue Premium	_____
Total Sources	\$ <u> </u>

Uses

Deposit to Series 2002 Escrow Fund ¹	\$
Deposit to Purchase Fund ²	
Deposit to Program Fund	
Costs of Issuance ³	_____
Total Uses	\$ <u> </u>

¹ Deposit and earnings thereon to be used to advance refund and defease a portion of the Refunded Bonds.

² Earnings on such deposit to be used to pay interest due on a portion of the Series 2005C Bonds until and including August 1, 2012. Principal on deposit in such fund will be used to redeem a portion of the Refunded Bonds on August 1, 2012.

³ Includes underwriters' discount, the premium for the Bond Insurance Policy, legal and other costs of issuance.

THE SERIES 2005C BONDS

Authority for Issuance

The issuance of the Series 2005C Bonds has been authorized by the Authority Resolution and the Series 2005C Bonds are being issued pursuant to the Indenture and in accordance with the provisions of the Bond Law. Proceeds of the Series 2005C Bonds will be used by the Authority to purchase the Agency Bonds in order to effect the advance refunding of the Refunded Bonds and finance certain redevelopment projects in the Downtown Project Area.

Description of the Series 2005C Bonds

The Series 2005C Bonds will be issued in the aggregate principal amount of \$[_____]*. The Series 2005C Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2005C Bonds will be dated their date of delivery and will bear interest at the rates per annum and will mature on August 1 in each of the years and in the amounts set forth on the inside front cover page hereof. The Series 2005C Bonds will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside front cover hereof. Interest on the Series 2005C Bonds is payable semiannually on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing on [February 1, 2006].

Interest on the Series 2005C Bonds will be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date. Each Series 2005C Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a

* Preliminary; subject to change.

Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) such Series 2005C Bond is authenticated on or before [January 15], 2006, in which event it will bear interest from its original date of delivery; provided, however, that if, as of the date of authentication of any Series 2005C Bond, interest thereon is in default, such Series 2005C Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry-Only System

Ownership interests in the Series 2005C Bonds may be purchased in book-entry form only through DTC. The Series 2005C Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2005C Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2005C Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2005C Bonds, references herein to the Owner or registered owner will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2005C Bonds. So long as Cede & Co. is the registered owner of the Series 2005C Bonds, principal, premium, if any, and interest on the Series 2005C Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee of DTC, which is required in turn, to remit such amount to the Direct Participants (as defined herein) for subsequent disbursement by the Direct Participants and the Indirect Participants (as defined herein) to the Beneficial Owners. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2005C Bonds maturing on or before August 1, 20__, will not be subject to optional redemption prior to their respective maturity dates. The Series 2005C Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective maturity dates, as a whole, or in part (among maturities as determined by the Authority), such that the Asset Coverage Test (as defined below) is met following such redemption, as set forth in a certificate in writing signed by an officer of the Authority duly authorized by the Board for that purpose (a "Certificate of the Authority"), delivered to the Trustee at least 40 days prior to the redemption date, or such lesser number of days as the Trustee allows) on any date on or after August 1, 20__, from proceeds of any optional redemption of any of the Agency Bonds, or any other source of available funds, at a redemption price equal to 100% of the principal amount of the Series 2005C Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Asset Coverage Test. "Asset Coverage Test" means with respect to any prospective redemption of the Series 2005C Bonds and of the Agency Bonds, that following such redemption both (a) the remaining scheduled principal and interest due on the Series 2005C Bonds on each succeeding Interest Payment Date is not in excess of the remaining aggregate scheduled principal and interest due on each such Interest Payment Date on the Agency Bonds; and (b) the amounts shown in "APPENDIX J—SURPLUS PAYMENTS," as such Appendix is revised following such redemption, for each subsequent Interest Payment Date, plus the amounts to be remitted to the Trustee pursuant to any escrow established pursuant to the provisions of the subsection entitled "—Escrows to Satisfy Asset Coverage Test" below on each subsequent Interest Payment Date total at least 100% of the then remaining scheduled principal and interest due on the Agency Bonds on each such Interest Payment Date.

Escrows to Satisfy Asset Coverage Test. In connection with any sale (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS—Sale of Agency Bonds") or optional redemption of any of the Agency Bonds, the Agency will be required to provide for amounts to be

remitted to the Trustee on subsequent Interest Payment Dates in order to satisfy the requirements of the Indenture pursuant to a sale of the Agency Bonds or pursuant to an optional redemption of the Agency Bonds (such that the Asset Coverage Test is met following such optional redemption), or if otherwise required to satisfy the Asset Coverage Test in connection with the specification of sinking fund payments to be reduced as a consequence of optional redemptions of Series 2005C Bonds, the Agency may establish with the Trustee an irrevocable escrow fund which satisfies the following requirements: (a) the amounts in the escrow fund will be held by the Trustee solely for the purpose of making payments on the Series 2005C Bonds in such amounts and on such Interest Payment Dates as the Agency will specify in a request of the Agency delivered to the Trustee, provided that if all payments on the Series 2005C Bonds specified in the request of the Agency have been made, any remaining amount in the escrow fund will be returned by the Trustee to the Agency; (b) the amounts in the escrow fund will be held by the Trustee in cash, uninvested or will be invested by the Trustee solely in Defeasance Obligations as directed in the request of the Agency described in the preceding clause (a), provided that the amounts in the escrow will be sufficient in time and amount, without taking into account any investment earnings, to make the payments to the Trustee on the Interest Payment Date, in the amounts specified by the Agency in the request of the Agency described in the preceding clause (a); and (c) the request of the Agency described in the preceding clause (a) will be accompanied by a certificate of an Independent Financial Consultant to the effect that the amounts in the escrow fund, without reinvestment, will be sufficient to make the payments to the Trustee in the amounts and on the Interest Payment Dates described in such request of the Agency.

Mandatory Sinking Fund Redemption. The Series 2005C Bonds maturing on August 1, 20__, will be subject to mandatory redemption in whole, or in part by lot, on August 1 in each year commencing August 1, 20__, from payments made by the Authority in the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus interest accrued thereon to the date of redemption, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following table; provided, however, that (a) in lieu of redemption thereof on August 1 in any year, all or a portion of such Series 2005C Bonds may be purchased by the Agency and tendered to the Trustee for cancellation not later than the preceding June 15, and (b) if some but not all of such Series 2005C Bonds have been optionally redeemed pursuant to the provisions of the subsection entitled “—Optional Redemption” above, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such Series 2005C Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis at the written direction of the Authority.

**Series 2005C Term Bonds
Maturing August 1, 20__**

Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed or Purchased
--	---

* Final Maturity

[Downtown Escrow Term Bonds?]

Notice of Redemption. The Trustee on behalf and at the expense of the Authority will mail (by first class mail) notice of any redemption to the respective Owners of any Series 2005C Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services (by means acceptable to the Securities Depositories and Information Services, as applicable), at least 30 days but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Series 2005C Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the Bond numbers (but only if less than all of the Outstanding Series 2005C Bonds are to be redeemed) and the maturity or maturities (in the event of redemption of all of the Series 2005C Bonds of such maturity or maturities in whole) of the Series 2005C Bonds to be redeemed, and will require that such Series 2005C Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2005C Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Series 2005C Bonds as described above, the notice of redemption will state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Series 2005C Bonds on the anticipated redemption date, and that the optional redemption will not occur if by no later than the scheduled redemption date sufficient moneys to redeem the Series 2005C 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 Series 2005C Bonds to be optionally redeemed, the Trustee will send written notice to the owners of the Series 2005C 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 Series 2005C Bonds for which notice of optional redemption was given will remain Outstanding for all purposes of the Indenture.

Selection of Series 2005C Bonds Within a Maturity for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Series 2005C Bonds of any maturity, the Trustee will select the Series 2005C Bonds to be redeemed from all Series 2005C Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Series 2005C Bonds will be deemed to be comprised of separate \$5,000 portions and such portions will be treated as separate Series 2005C Bonds which may be separately redeemed.

Partial Redemption of Series 2005C Bonds. In the event only a portion of any Series 2005C Bond is called for redemption, then upon surrender of such Series 2005C Bond to the Trustee, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Series 2005C Bond or Series 2005C Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2005C Bond being redeemed.

Purchase of Series 2005C Bonds in Lieu of Redemption. In lieu of redemption pursuant to the provisions of the subsections entitled “—Optional Redemption” and “—Mandatory Sinking Fund Redemption” above, moneys in the Revenue Fund, or otherwise advanced by the Authority or the Agency, may be used by the Trustee for the purchase of Outstanding Series 2005C Bonds, upon the filing with the Trustee of a Certificate of the Authority requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Certificate of the Authority may provide, but in no event may Series 2005C Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Series 2005C Bonds were to be redeemed in accordance with the Indenture. Any Series

2005C Bonds that are Term Bonds so purchased and tendered to the Trustee for cancellation not later than the June 15 preceding any August 1 will reduce the corresponding total amount of all future sinking fund payments for the Series 2005C Bonds that are Term Bonds subject to the provisions of the subsection entitled “—Mandatory Sinking Fund Redemption” above, as applicable, to be allocated among such sinking fund payments as determined by the Authority such that the Asset Coverage Test is met following such allocation, as set forth in a Certificate of the Authority delivered to the Trustee at the time the corresponding Series 2005C Bonds that are Term Bonds are tendered to the Trustee.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Series 2005C Bonds so called for redemption have been duly provided, such Series 2005C Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date.

THE AGENCY BONDS

Pursuant to the Bond Law, the Authority will acquire the Agency Bonds, which were originally issued by the Agency in order to finance: [(a) certain redevelopment projects in the Downtown Project Area and the North Long Beach Project Area; (b) the repayment of certain deferrals and the payment of the low and moderate income housing requirement; (c) the repayment of certain loans from the City to the Agency; (d) the discharge of the Agency’s obligation under certain agreements of the Agency; (e) the costs of issuance of the Agency Bonds; and (f) the reserve requirements of the applicable Reserve Accounts.]

Authority for Issuance

The issuance of the Agency Bonds has been authorized by the Agency Resolution, and each issue of Agency Bonds is being issued pursuant to its respective Agency Indenture and in accordance with the Redevelopment Law and other applicable laws and the Constitution of the State of California.

Description of the Agency Bonds

The Agency Bonds consist of two separate issues comprised of: (a) \$[] aggregate principal amount of the Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project); and (b) \$33,366,000 aggregate principal amount of the Redevelopment Agency of the City of Long Beach 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project). Each issue of Agency Bonds is secured by separate security, which security does not constitute security for the other issue of Agency Bonds.

Interest on the Agency Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and will be payable semiannually on February 1 and August 1 of each year, commencing [February 1, 2006 with respect to the Purchased Series 2002A Downtown Bonds] and [February 1, 2013 with respect to the Purchased Series 2002 North Long Beach Bonds]. Payments of principal and redemption premium, if any, of and interest on the Agency Bonds are pledged under the Indenture as security for the Series 2005C Bonds. For a schedule of debt service on the Agency Bonds, see “—Debt Service Schedules for the Agency Bonds and the Series 2005C Bonds” below.

Redemption of Purchased Series 2002A Downtown Bonds

Optional Redemption. The Purchased Series 2002A Downtown Bonds are subject to redemption prior to maturity in whole or in part, with the prior consent of the Authority (see “—Authority Consent

for Optional Redemption of Agency Bonds” below), on any date on which the Series 2005C Bonds are subject to optional redemption, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, plus a premium determined by the Authority under the Indenture. See “THE SERIES 2005C BONDS—Redemption—Optional Redemption” above.

Mandatory Sinking Account Redemption. The Purchased Series 2002A Downtown Bonds [(other than the Downtown Escrow Term Bonds (as defined below))] are subject to redemption in whole, or in part by lot, on August 1, 20[___], and on each August 1 in each of the years set forth in the following table from Sinking Account payments made by the Agency pursuant to the Downtown Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof will be purchased pursuant to the sub-paragraph entitled “—Purchase of Purchased Series 2002A Downtown Bonds” below, in the aggregate respective principal amounts and on the dates as set forth in the following table; provided, however, that if some but not all of the Purchased Series 2002A Downtown Bonds have been redeemed pursuant to the provisions of the above entitled sub-paragraph “—Optional Redemption,” the total amount of all future Sinking Account payments with respect to such Purchased Series 2002A Downtown Bonds will be reduced by the aggregate principal amounts of such Purchased Series 2002A Downtown Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$0.10 as determined by the Agency.

**Mandatory Sinking Account Redemption
(Purchased Series 2002A Downtown Bonds)**

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed or Purchased	Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed or Purchased
2006		2016	
2007		2017	
2008		2018	
2009		2019	
2010		2020	
2011		2021	
2012		2022	
2013		2023	
2014		2024*	
2015			

* Final Maturity

[Downtown Escrow Term Bonds?]

Purchase of Purchased Series 2002A Downtown Bonds. In lieu of the mandatory redemption of any of the Purchased Series 2002A Downtown Bonds pursuant to the above entitled sub-paragraph “—Mandatory Sinking Account Redemption,” amounts on deposit in the Special Fund, established and maintained pursuant to the Downtown Indenture, may also be used and withdrawn by the Agency at any time for the purchase of Purchased Series 2002A Downtown 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 par amount of any of the Purchased Series 2002A Downtown Bonds so purchased by the Agency in any twelve-month period ending June 15 in any year will be credited

towards and will reduce the par amount of such Purchased Series 2002A Downtown Bonds required to be redeemed pursuant to the above entitled sub-paragraph “—Mandatory Sinking Account Redemption” on August 1 in such year.

Redemption of Purchased Series 2002 North Long Beach Bonds

Optional Redemption. The Purchased Series 2002 North Long Beach Bonds are subject to redemption prior to maturity in whole or in part, with the prior consent of the Authority (see “—Authority Consent for Optional Redemption of Agency Bonds” below), on any date on which the Series 2005C Bonds are subject to optional redemption, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, plus a premium determined by the Authority under the Indenture. See “THE SERIES 2005C BONDS—Redemption—Optional Redemption” above.

Mandatory Sinking Account Redemption. The Purchased Series 2002 North Long Beach Bonds are subject to redemption in whole, or in part by lot, on August 1, 2013, and on each August 1 in each year thereafter as set forth in the following table from Sinking Account payments made by the Agency pursuant to the North Long Beach Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof will be purchased pursuant to the sub-paragraph entitled “—Purchase of Purchased Series 2002 North Long Beach Bonds” below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Purchased Series 2002 North Long Beach Bonds have been redeemed pursuant to the provisions of the above entitled sub-paragraph “—Optional Redemption,” the total amount of all future Sinking Account payments with respect to such Purchased Series 2002 North Long Beach Bonds will be reduced by the aggregate principal amounts of such Purchased Series 2002 North Long Beach Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$1,000 as determined by the Agency.

**Mandatory Sinking Account Redemption
(Purchased Series 2002 North Long Beach Bonds)**

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed or Purchased	Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed or Purchased
2013	\$ 973,000	2023	\$1,768,000
2014	1,039,000	2024	1,874,000
2015	1,100,000	2025	1,991,000
2016	1,172,000	2026	2,115,000
2017	1,239,000	2027	2,239,000
2018	1,315,000	2028	2,381,000
2019	1,397,000	2029	2,526,000
2020	1,484,000	2030	2,677,000
2021	1,571,000	2031*	2,841,000
2022	1,664,000		

* Final Maturity

Purchase of Purchased Series 2002 North Long Beach Bonds. In lieu of the mandatory redemption of any of the Purchased Series 2002 North Long Beach Bonds pursuant to the above entitled sub-paragraph “—Mandatory Sinking Account Redemption,” amounts on deposit in the Special Fund, established and maintained pursuant to the North Long Beach Indenture, (to the extent not required to be transferred to the North Long Beach Trustee or the trustee for any North Long Beach Parity Debt pursuant to any North Long Beach Parity Debt Instrument during the then current Bond Year) may also be used and withdrawn by the Agency at any time prior to the selection of Purchased Series 2002 North Long Beach Bonds for redemption for the purchase of such Purchased Series 2002 North Long Beach 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 par amount of any of the Purchased Series 2002 North Long Beach Bonds so purchased by the Agency in any twelve-month period ending June 15 in any year will be credited towards and will reduce the par amount of such Purchased Series 2002 North Long Beach Bonds required to be redeemed pursuant to the above entitled sub-paragraph “—Mandatory Sinking Account Redemption” on August 1 in such year.

Authority Consent for Optional Redemption of Agency Bonds

The Authority will not consent to the optional redemption of any of the Agency Bonds, as applicable, under the provisions of any of the respective Agency Indentures, unless it has first obtained a certificate of an Independent Financial Consultant which: (a) specifies (i) the premium, if any, to be paid by the Agency under the respective Agency Indenture in connection with such optional redemption, (ii) the principal amount and redemption date and price of the Series 2005C Bonds to be redeemed pursuant to the provisions of the Indenture as a result of the optional redemption of the Agency Bonds, as applicable, (iii) the date and principal amount of any sinking fund redemption payments specified in the Indenture to be reduced as a consequence of any such optional redemption of the Series 2005C Bonds, (iv) any alterations to “APPENDIX J—SURPLUS PAYMENTS,” and/or the establishment of an escrow as described under “THE SERIES 2005C BONDS—Redemption—Escrows to Satisfy Asset Coverage Test” above, in connection with such optional redemption of the Agency Bonds, as applicable, and (v) the date and principal amount of any sinking fund redemption payments specified in the respective Agency Indentures to be reduced as a consequence of the proposed optional redemption of the Agency Bonds, as applicable, and (b) concludes that, based upon the information supplied in clauses (a)(i) through (v) above, and in reliance upon the Trustee, the Agency Trustee, the Agency and the Authority implementing the redemption of the Agency Bonds, as applicable, and the Series 2005C Bonds in a manner consistent with such information, the Asset Coverage Test will be met following the optional redemption of the Agency Bonds, as applicable.

Debt Service Schedule for the Agency Bonds and the Series 2005C Bonds

Scheduled debt service on the Agency Bonds and the Series 2005C Bonds is shown in Table 1 on the following page:

Table 1
Schedule of Debt Service for Agency Bonds and Series 2005C Bonds

Fiscal Year Ending (Sept. 30)	Total Debt Service on Purchased Series 2002A Downtown Bonds ¹	Earnings from Series 2002 Purchase Fund²	Total Debt Service on Purchased Series 2002 North Long Beach Bonds ³	Projected Revenues Available to Pay Debt Service⁴	Total Debt Service on Series 2005C Bonds⁵	Coverage for Series 2005C Bonds ⁶
2006			—			
2007			—			
2008			—			
2009			—			
2010			—			
2011			—			
2012			—			
2013			—			
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						

¹ Includes debt service due on \$[] aggregate principal amount of Purchased Series 2002A Downtown Bonds.

² Includes earnings to be received from the Purchase Fund until and including August 1, 2012.

³ Includes debt service due on \$33,366,000 aggregate principal amount of Purchased Series 2002 North Long Beach Bonds plus projected Surplus Payments to be made with respect to the Purchased Series 2002 North Long Beach Bonds.

⁴ Equal to the sum of Total Debt Service on the Purchased Series 2002A Downtown Bonds and the Purchased Series 2002 North Long Beach Bonds.

⁵ Includes debt service due on \$[] aggregate principal amount of Series 2005C Bonds.

⁶ Equal to Projected Revenues Available to Pay Debt Service divided by the sum of Total Debt Service on Series 2005C Bonds.

Source: Gardner, Underwood & Bacon LLC and E. J. De La Rosa & Co., Inc.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS

General

The Series 2005C Bonds are secured by a first lien on and pledge of all of the Revenues and a pledge of all of the moneys in the Purchase Fund, the Revenue Fund, the Interest Account and the Principal Account, including all amounts derived from the investment of such moneys. ["Revenues" are defined in the Indenture to mean (a) all amounts derived from or with respect to the Purchased Series 2002A Downtown Bonds, including, but not limited to, all Principal Prepayments and other payment of principal thereof and interest on the Purchased Series 2002A Downtown Bonds; (b) prior to the Series

2002 North Long Beach Purchase Date, the earnings received by the Authority from amounts deposited to the Purchase Fund; (c) on and after the Series 2002 North Long Beach Purchase Date, all amounts derived from or with respect to the Purchased Series 2002 North Long Beach Bonds, including, but not limited to, all Principal Prepayments and other payment of principal thereof and interest on the Purchased Series 2002 North Long Beach Bonds, (d) all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture, other than the Rebate Account, and (e) all income and gains with respect to the investment of amounts on deposit in the funds and accounts established under the Indenture, other than the Rebate Account and the Costs of Issuance Fund.]

The Purchased Series 2002 Downtown Bonds are secured by a first pledge and lien (subject to the prior pledge and lien of the Agency's Downtown Redevelopment Project Tax Allocation Bonds, Series 1992A (the "Series 1992A Downtown Bonds") and Downtown Redevelopment Project Tax Allocation Refunding Bonds, 2002 Series B (the "Series 2002B Downtown Bonds," and together with the Series 1992A Downtown Bonds, the "Senior Downtown Bonds")) on all of the Downtown Tax Increment Revenues (as defined herein), on a parity with the pledge thereof and lien thereon to pay the [unpurchased Series 2002A Downtown Bonds,] [and the Downtown Other Revenues (subject to the termination of such pledge as described under "—Security for the Agency Bonds—Security for the Purchased Series 2002A Downtown Bonds—Downtown Other Revenues") which are necessary to pay the annual debt service and redemption premiums on the Downtown Bonds. The Purchased Series 2002 North Long Beach Bonds are secured by a pledge and lien on all of the North Long Beach Tax Increment Revenues (as defined herein), on a parity with the pledge thereof and lien thereon to pay the Series 2005 North Long Beach Bonds and any additional parity debt that may be issued from time to time under the North Long Beach Indenture. For purposes of this Official Statement, the Downtown Tax Increment Revenues and the North Long Beach Tax Increment Revenues will collectively be referred to herein as the "Agency Tax Increment Revenues." Each of the Purchased Series 2002A Downtown Bonds and the Purchased Series 2002 North Long Beach Bonds is secured additionally by a first and exclusive pledge of and lien upon all of the moneys in the respective Reserve Account, Special Fund, Debt Service Fund, Interest Account, Principal Account, Sinking Account and Redemption Account established with respect to the respective issue of the Purchased Series 2002A Downtown Bonds and the Purchased Series 2002 North Long Beach Bonds. Except as provided in the following paragraph, each issue of Agency Bonds has its own separate security, which security does not constitute security for the other issue of Agency Bonds. See "—Security for the Agency Bonds" below.

The debt service payments to be made by the Agency to the Authority on the Purchased Series 2002 North Long Beach Bonds are in excess of the actual principal and interest due on such Purchased Series 2002 North Long Beach Bonds. Such excess moneys (the "Surplus Payments") will be used by the Authority to make up any shortfalls of debt service payments due on any of the issues of Agency Bonds. See "APPENDIX J—SURPLUS PAYMENTS" for additional information on Surplus Payments. On each August 1, commencing on August 1, 2013, if all scheduled debt service on each issue of the Agency Bonds is paid in full, the Trustee will, following the payments for such August 1, remit any Surplus Payments then on deposit in the Revenue Fund to (a) so long as any Series 2002 Bonds are outstanding, to the Series 2002 Trustee or deposit by the Series 2002 Trustee in the revenue fund established under the Series 2002 Indenture, and (b) thereafter, the Agency Trustee for deposit in the North Long Beach Trustee for deposit in the Interest Account under the North Long Beach Indenture. In the event that the debt service due on any Interest Payment Date on the Purchased Series 2002A Downtown Bonds is not paid in full, and the Surplus Payments are needed to make such debt service payments on the respective Interest Payment Date and following the payments for such Interest Payment Date, the Trustee will (i) maintain a record of the Surplus Payments so used (which sets forth the applicable Interest Payment Date and the amount of the shortfall in payment on the Purchased Series 2002A Downtown Bonds), (ii) remit any surplus then on deposit in the Revenue Fund to the North Long Beach Trustee for deposit in the Interest Account under the North Long Beach Indenture, but with a pro rata reduction for any excess used as

described in the preceding clause (i), and (iii) at such time, if any, as the Trustee receives the delinquent debt service payment on the Purchased Series 2002A Downtown Bonds, the Trustee will remit the surplus in the Revenue Fund attributable to the receipt of the delinquent payment to the North Long Beach Trustee for deposit to the Interest Account under the North Long Beach Indenture in the amounts of any reductions in prior remissions in respect of such Agency Bonds pursuant to the preceding clause (ii) together with interest on the reductions in the prior remissions at the interest rate on the Purchased Series 2002A Downtown Bonds. See "CERTAIN BONDHOLDERS' RISKS—Limitations of Surplus Payments."

A default in the payment of debt service on any Agency Bonds will not result in acceleration of the debt service on such respective issue of Agency Bonds. A default under one issue of Agency Bonds does not constitute a default under the other issue of Agency Bond. An event of default under any Agency Bond issue may result in insufficient Revenues with which to pay the principal of and interest on the Series 2005C Bonds. See "APPENDIX G—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Events of Default."

[Purchase Fund?]

Security for the Agency Bonds

Pledge and Allocation of Taxes. Under provisions of the California Constitution and the Redevelopment Law, taxes levied upon taxable property in the respective Redevelopment Project Areas each tax year by or for the benefit of the State, any city, county, city and county or other public corporation ("taxing agencies") for tax years beginning after the effective date of the ordinance approving the respective Redevelopment Plans (the "Effective Date"), are divided as follows:

(a) The portion equal to the amount of those taxes which would have been produced by the current tax rate, applied to the assessed value of the taxable property in each of the Redevelopment Project Areas as last equalized prior to the Effective Date is paid (when collected) into the funds of those respective taxing agencies as taxes by or for such taxing agencies;

(b) Except as provided in subparagraph (c) below, that portion of such levied taxes each tax year in excess of such amount is allocated to and when collected paid into a special fund of the Agency, to the extent required to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Agency to finance or refinance, in whole or in part, (i) the Agency's redevelopment projects within the respective Redevelopment Project Areas, and (ii) under certain circumstances, publicly owned improvements outside of the respective Redevelopment Project Areas; and

(c) That portion of the taxes identified in subparagraph (b) above that are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of 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 will be paid into, the fund of the taxing agency.

All the Downtown Tax Increment Revenues (subject to the prior lien of the Senior Downtown Bonds and the parity lien of the [Unpurchased Series 2002A Downtown Bonds]) and the North Long Beach Tax Increment Revenues (subject to the parity lien of the Series 2005 North Long Beach Bonds), and all money in the respective Special Funds and in the funds or accounts so specified and provided for

in each respective Agency Indenture, whether held by the Agency or the respective Agency Trustee (except the Rebate Fund), are irrevocably pledged to the punctual payment of the interest on and principal of the respective issue of Agency Bonds, and the respective Agency Pledged Tax Revenues and such other money will not be used for any other purpose while any of the respective issues of Agency Bonds remain outstanding, subject to the provisions of each respective Agency Indenture. The pledge constitutes a first lien on the respective Agency Pledged Tax Revenues and such other money for the payment of the respective Agency Bonds in accordance with the terms of each respective Agency Indenture. The pledge of the respective Agency Pledged Tax Revenues with respect to each Redevelopment Project Area does not constitute a pledge or security with respect to the Series 2005C Bonds or any issue of Agency Bonds other than the Agency Bonds corresponding to such Redevelopment Project Area.

Security for the Purchased Series 2002A Downtown Bonds.

Downtown Tax Increment Revenues. The term “Downtown Tax Increment Revenues,” as defined in the Downtown Indenture, means, all taxes annually allocated and paid to the Agency with respect to the Downtown Project Area pursuant to the Redevelopment Law and the Constitution of the State of California including, (a) 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 and (b) all 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, to the extent permitted to be applied to the payment of principal, interest and premium (if any) with respect to the Purchased Series 2002A Downtown Bonds and any Downtown Parity Debt (as defined herein); but excluding, (x) 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, to the extent not permitted to be applied to the payment of principal, interest and premium (if any) with respect to the Purchased Series 2002A Downtown Bonds and/or any Downtown Parity Debt, and (y) any amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State (the “Business Inventory Tax Subvention”). As of July 1, 2005, the Agency had a debt of \$[18,474,662.48] to the Low and Moderate Income Housing Fund in connection with the Downtown Project Area. In 1995, the Agency adopted a repayment plan which sets forth the Agency’s commitment to repaying the debt to the Low and Moderate Income Housing Fund in connection with the Downtown Project Area. Such repayment obligation is subordinate to the Agency’s obligation to pay the debt service on the Series 2002A Downtown Bonds. See “LIMITATIONS ON TAX REVENUES—Housing Set-Aside” below.

Downtown Tax Increment Revenues (subject to the prior lien of the Senior Downtown Bonds) will be pledged in their entirety to the payment of the principal of, premium, if any, and interest on the Series 2002A Downtown Bonds. **The Series 2002A Downtown Bonds will be payable from Downtown Tax Increment Revenues on a subordinate basis to the payment of the debt service due on the Senior Downtown Bonds.** The Agency has no power to levy and collect property taxes. Any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate would, in all likelihood, reduce the amount of Downtown Tax Increment Revenues that would otherwise be available to pay the principal of, interest on and premium, if any, on the Series 2002A Downtown Bonds. Likewise, broadened property tax exemptions could have a similar effect. For a further description of factors which may result in decreased Downtown Tax Increment Revenues, see “LIMITATIONS ON TAX REVENUES” and “CERTAIN BONDHOLDERS’ RISKS” herein.

The Downtown Indenture establishes certain funds and accounts for the Series 2002A Downtown Bonds. See also "APPENDIX B—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Fund and Accounts; Application of Proceeds." Moneys credited to such funds and accounts are to be used solely for the purposes set forth in the Downtown Indenture. The funds and accounts for the Series 2002A Downtown Bonds are separate and distinct from the funds and accounts for the Purchased Series 2002 North Long Beach Bonds. No Downtown Tax Increment Revenues (except with respect to the Senior Downtown Bonds), Downtown Other Revenues or funds with respect to the Series 2002A Downtown Bonds are security for the Purchased Series 2002 North Long Beach Bonds, and no North Long Beach Tax Increment Revenues (except the Surplus Payments) or the funds created with respect to the Purchased Series 2002 North Long Beach Bonds are security for the Series 2002A Downtown Bonds.

[Downtown Other Revenues. The term "Downtown Other Revenues," as defined in the Downtown Indenture, means, the revenues derived by the Agency from the ownership, or operation of facilities located on, property located in the Downtown Project Area that is owned by the Agency on June 25, 2002, before deducting any costs of operation or maintenance of such property. Downtown Other Revenues does not include the proceeds of the sale of any property of the Agency, any revenues derived from the ownership or operation of property acquired by the Agency after June 25, 2002 or any revenues derived from any facilities constructed on any Agency-owned property after June 25, 2002. The Agency's pledge of Downtown Other Revenues terminates upon and after the Fiscal Year in which the Downtown Tax Increment Revenues, less the payment of debt service on the Series 1992A Downtown Bonds, plus at the option of the Agency the Additional Allowance, at least equals 125% of Downtown Maximum Annual Debt Service on the Series 2002A Downtown Bonds and any Downtown Parity Debt.]

Senior Downtown Bonds and Additional Parity Downtown Bonds. Pursuant to an Indenture, dated as of December 1, 1992, as amended and supplemented (the "Senior Downtown Indenture") between the Agency and U.S. Bank, N.A., as successor trustee (the "Senior Downtown Trustee") the Agency issued the Senior Downtown Bonds. The Senior Downtown Indenture grants a first lien and pledge on the Downtown Tax Increment Revenues to the Senior Downtown Bonds, and, therefore, the Senior Downtown Bonds have a prior and senior right to all taxes eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Downtown Project Area. Pursuant to the Downtown Indenture, the Agency has covenanted and agreed that as long as the Series 2002A Downtown Bonds or any Downtown Parity Debt (as defined herein) is outstanding, it will not issue any additional obligations (except obligations that would refund the Senior Downtown Bonds, provided, that after the issuance of such refunding obligations the total debt service payable on a senior basis is less in each succeeding Fiscal Year than the debt service of the Senior Downtown Bonds prior to such refunding) that have a prior and senior lien on the Downtown Tax Increment Revenues. As of July 1, 2004, there was \$[] aggregate principal amount of the Series 1992A Downtown Bonds outstanding and \$[] aggregate principal amount of the Series 2002B Downtown Bonds outstanding. The Series 1992A Downtown Bonds will mature and no longer be outstanding as of November 1, 20[] and the Series 2002B Downtown Bonds will mature and no longer be outstanding as of November 1, 20[]. See ["CERTAIN BONDHOLDERS' RISKS—Subordinate Pledge of Downtown Tax Increment Revenues."]

Subject to the provisions of the Downtown Indenture, the Agency may at any time after the issuance and delivery of the Series 2002A Downtown Bonds issue or incur any loans, bonds, notes, advances or indebtedness payable from Downtown Tax Increment Revenues on a parity with the Series 2002A Downtown Bonds or any refunding obligations pursuant to the Downtown

Indenture (collectively "Downtown Parity Debt"). The incurrence or issuance of such Downtown Parity Debt is subject to certain conditions set forth in the Downtown Indenture, including the condition that the Downtown Tax Increment Revenues for the then current fiscal year (based on the assessed valuation of property in the Downtown 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 will be at least equal to 125% of the Maximum Annual Debt Service on the Series 2002A Downtown Bonds, any indebtedness secured by a senior lien on Downtown Tax Increment Revenues, any previously issued Downtown Parity Debt and such new Downtown Parity Debt. In computing the Maximum Annual Debt Service on the Series 2002A Downtown Bonds and on the Downtown Parity Debt as provided in the previous sentence, principal and interest on any Downtown Parity Debt will be excluded to the extent proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Agency unless the amount of Downtown Tax Increment Revenues for the most recent fiscal year (as evidenced in a written document from an appropriate official of the Agency) plus at the option of the Agency the Additional Allowance, at least equals 125% of the sum of the amount of Maximum Annual Debt Service on the Series 2002A Downtown Bonds and any previously issued Downtown Parity Debt, and any Downtown Parity Debt (a portion of the proceeds of which were deposited to such escrow fund) which would result if the amount on deposit in the escrow fund were to be applied to redeem such Downtown Parity Debt. Unless otherwise waived by the [Bond Insurer], for purposes of the issuance of Downtown Parity Debt, Downtown Tax Increment Revenues will be calculated by multiplying most recent assessed values certified by the County by the basic 1% tax rate (without regard to overrides) and will be further reduced by: (i) the amount of subventions paid by the State or any other amount appropriated by the State for the Agency; (ii) unless the "Teeter Plan" is currently in effect and the County has made no announcement that the Teeter Plan would terminate, the percentage derived by applying the average percentage by which the actual tax collections in the Downtown Project Area were less than the amount of the tax levy in the Downtown Project Area for the immediately preceding five fiscal years; (iii) the amount by which Downtown Tax Increment Revenues would be decreased if all pending assessment appeals were to be determined 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; and (iv) the percentage of Downtown Tax Increment Revenues which must be deposited to the Low and Moderate Income Housing Fund with the exception of amounts which, in the opinion of Bond Counsel, may be used to pay debt service on the Series 2002A Downtown Bonds or the Downtown Parity Debt.

Downtown Reserve Account. In order to further secure the payment of principal of and interest on the Series 2002A Downtown Bonds, the Downtown Trustee established and maintains a Reserve Account (the "Downtown Reserve Account"), which was initially funded in the amount of \$1,989,560 from a portion of the proceeds of the Series 2002A Downtown Bonds. Interest earnings on amounts on deposit in the Downtown Reserve Account will be retained therein until such time as the amount in the Downtown Reserve Account is equal to the Downtown Reserve Requirement (as defined herein). The "Downtown Reserve Requirement" will be equal to the least of (a) Maximum Annual Debt Service on the outstanding Series 2002A Downtown Bonds and any Downtown Parity Debt, (b) 125% of Average Annual Debt Service of outstanding Series 2002A Downtown Bonds and any Downtown Parity Debt; or (c) 10% of the then outstanding principal amount of the Series 2002A Downtown Bonds [(excluding any amounts on deposit in the 2002 Downtown Special Escrow Fund)] and any Downtown Parity Debt. If at any time the amounts available in the Interest Account, the Principal Account or the Sinking Account with respect to the Series 2002A Downtown Bonds and/or any Downtown Parity Debt are insufficient to pay the principal of or interest on the Series 2002A Downtown Bonds and/or any Downtown Parity Debt, the Downtown Trustee will apply amounts in the Downtown Reserve Account to

make up any such deficiency. Any amounts on deposit in the Downtown Reserve Account are for the exclusive payment of the Series 2002A Downtown Bonds and any Downtown Parity Debt, and such amounts are not available for the payment of the Purchased Series 2002 North Long Beach Bonds. At any time amounts on deposit in the Downtown Reserve Account equal the Downtown Reserve Requirement, any interest earnings on amounts on deposit in the Downtown Reserve Account will be transferred to the Interest Account maintained by the Downtown Trustee and used to pay interest on the Series 2002A Downtown Bonds and any Downtown Parity Debt. See "APPENDIX B—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Funds and Accounts; Application of Proceeds."

Security for the Purchased Series 2002 North Long Beach Bonds.

North Long Beach Tax Increment Revenues. The term "North Long Beach Tax Increment Revenues," as defined in the North Long Beach Indenture, means all taxes annually allocated and paid to the Agency with respect to the North Long Beach Project Area pursuant to the Redevelopment Law and the Constitution of the State of California 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 (x) 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, (y) the Business Inventory Tax Subvention, and (z) 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 Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and/or any North Long Beach Parity Debt. The Agency is not authorized to defer any of its requirement to deposit 20% of North Long Beach Tax Increment Revenues to the Low and Moderate Income Housing Fund. See "LIMITATIONS ON TAX REVENUES—Housing Set-Aside" below.

North Long Beach Tax Increment Revenues (subject to the parity lien of the Series 2005 North Long Beach Bonds) will be pledged in their entirety to the payment of the principal of, premium, if any, and interest on the Purchased Series 2002 North Long Beach Bonds. The Agency has no power to levy and collect property taxes. Any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate would, in all likelihood, reduce the amount of North Long Beach Tax Increment Revenues that would otherwise be available to pay the principal of, interest on and premium, if any, on the Purchased Series 2002 North Long Beach Bonds. Likewise, broadened property tax exemptions could have a similar effect. For a further description of factors which may result in decreased North Long Beach Tax Increment Revenues, see "CERTAIN BONDHOLDERS' RISKS" and "LIMITATIONS ON TAX REVENUES" herein.

The North Long Beach Indenture establishes certain funds and accounts for the Purchased Series 2002 North Long Beach Bonds and the Series 2005 North Long Beach Bonds. See also "APPENDIX G—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Funds and Accounts; Application of Proceeds." Moneys credited to such funds and accounts are to be used solely for the purposes set forth in the North Long Beach Indenture. The funds and accounts for the Purchased Series 2002 North Long Beach Bonds and the Series 2005 North Long Beach Bonds are separate and distinct from the funds and accounts for the Purchased Series 2002A Downtown Bonds. No North Long Beach Tax Increment Revenues (except the Surplus Payments) or funds with respect to the Purchased Series 2002 North Long Beach Bonds and the Series 2005 North Long Beach Bonds are security for the Purchased Series 2002A Downtown Bonds, and no other Agency Tax Increment Revenues are

security for the Purchased Series 2002 North Long Beach Bonds and Series 2005 North Long Beach Bonds.

North Long Beach Parity Debt. Subject to the provisions of the North Long Beach Indenture, the Agency may at any time after the issuance and delivery of the Purchased Series 2002 North Long Beach Bonds issue or incur any loans, bonds, notes, advances or indebtedness payable from North Long Beach Tax Increment Revenues on a parity with the Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds or any refunding obligations pursuant to the North Long Beach Indenture (collectively "North Long Beach Parity Debt"). The incurrence or issuance of such North Long Beach Parity Debt is subject to certain conditions set forth in the North Long Beach Indenture, including the condition that the North Long Beach Tax Increment Revenues for the then current Fiscal Year (based on the assessed valuation of property in the North Long Beach 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 will be at least equal to 130% of the Maximum Annual Debt Service on the Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and such new North Long Beach Parity Debt; provided, however, that said 130% will be increased to 150% until such time as the incremental assessed value in the North Long Beach Project Area is 60% or more of the total North Long Beach Project Area assessed value. As of the date of this Official Statement, such level has not been achieved and the Agency is required to use 150%. In computing the Maximum Annual Debt Service on the Purchased Series 2002 North Long Beach Bonds and on the North Long Beach Parity Debt (including the Series 2005 North Long Beach Bonds) as provided in the previous sentence, principal and interest on any North Long Beach Parity Debt will be excluded to the extent proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Agency unless the amount of North Long Beach Tax Increment Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the Agency) plus at the option of the Agency the Additional Allowance, at least equals 130% of the sum of the amount of Maximum Annual Debt Service on the Purchased Series 2002 North Long Beach Bonds and the Series 2005 North Long Beach Bonds, and any North Long Beach Parity Debt (a portion of the proceeds of which were deposited to such escrow fund) assuming that the amount on deposit in the escrow fund were to be applied to redeem such North Long Beach Parity Debt; provided, however, that said 130% will be increased to 150% until such time as the incremental assessed value in the North Long Beach Project Area is 60% or more of the total North Long Beach Project Area assessed value. As of the date of this Official Statement, such level has not been achieved and the Agency is required to use 150%. Unless otherwise waived by Ambac Assurance Corporation (the "[Series 2002 Bond Insurer]"), for purposes of the issuance of North Long Beach Parity Debt, North Long Beach Tax Increment Revenues will be calculated by multiplying most recent assessed values certified by the County by the basic 1% tax rate (without regard to overrides) and will be further reduced by: (i) the amount of subventions paid by the State or any other amount appropriated by the State for the Agency; (ii) unless the Teeter Plan is currently in effect and the County has made no announcement that the Teeter Plan would terminate, the percentage derived by applying the average percentage by which the actual tax collections in the North Long Beach Project Area were less than the amount of the tax levy in the North Long Beach Project Area for the immediately preceding five Fiscal Years; (iii) the amount by which North Long Beach Tax Increment Revenues would be decreased if all pending assessment appeals were to be determined 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; and (iv) the percentage of North Long Beach Tax Increment Revenues which must be deposited to the Low and Moderate Income Housing Fund with the exception of amounts which, in the opinion of Bond Counsel, may be

used to pay debt service on the Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds or any other North Long Beach Parity Debt.

North Long Beach Reserve Account. In order to further secure the payment of principal of and interest on the Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and any other North Long Beach Parity Debt, the North Long Beach Trustee has previously established and maintains a Reserve Account (the “North Long Beach Reserve Account”), which currently has a balance of \$[7,767,029.45]. Interest earnings on amounts on deposit in the North Long Beach Reserve Account will be retained therein until such time as the amount in the North Long Beach Reserve Account is equal to the North Long Beach Reserve Requirement (as defined herein). The “North Long Beach Reserve Requirement” will be equal to the least of (a) Maximum Annual Debt Service on the outstanding Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and any other North Long Beach Parity Debt, (b) 125% of Average Annual Debt Service of outstanding Purchased Series 2002 North Long Beach Bonds, Series 2005 North Long Beach Bonds and any other North Long Beach Parity Debt; or (c) 10% of the then outstanding principal amount or the initial amount, as the case may be, of the Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and any other North Long Beach Parity Debt. If at any time the amounts available in the Interest Account, the Principal Account or the Sinking Account with respect to the Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and/or any other North Long Beach Parity Debt are insufficient to pay the principal of or interest on Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and/or any other North Long Beach Parity Debt, the North Long Beach Trustee will apply amounts in the North Long Beach Reserve Account to make up any such deficiency. Any amounts on deposit in the North Long Beach Reserve Account are for the exclusive payment of Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and any other North Long Beach Parity Debt, and such amounts are not available for the payment of the Purchased Series 2002A Downtown Bonds. Provided an event of default has not occurred and is continuing under the North Long Beach Indenture, at any time amounts on deposit in the North Long Beach Reserve Account equal the North Long Beach Reserve Requirement, any interest earnings on amounts on deposit in the North Long Beach Reserve Account will be transferred to the Interest Account maintained by the North Long Beach Trustee and used to pay interest on Purchased Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and any North Long Beach Parity Debt. See “APPENDIX G—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Funds and Accounts; Application of Proceeds.”

Limited Obligations

The Agency Bonds are special limited obligations of the Agency and as such are not a debt of the City, the Authority, the State of California or any of its political subdivisions. Neither the City, the Authority, the State of California nor any of its political subdivisions is liable for the payment thereof. In no event will the Agency Bonds be payable out of any funds or properties other than those of the Agency as set forth in the Agency Indenture. The Agency Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Agency Bonds are liable personally on the Series 2005C Bonds.

Certain general information concerning the City is included in “APPENDIX D—CERTAIN INFORMATION CONCERNING THE CITY OF LONG BEACH.” Such information is provided for informational purposes only. The General Fund of the City is not liable for the payment of the Agency Bonds or the interest thereon or the Series 2005C Bonds or the interest thereon, nor is the taxing power of

the City pledged for the payment of the Agency Bonds or the interest thereon or the Series 2005C Bonds or the interest thereon.

Sale of Agency Bonds

The Authority may sell the Agency Bonds or any portion thereof upon written direction of the Authority to the Trustee specifying the Agency Bonds to be sold (including the maturities and principal amounts thereof), accompanied by: (a) cash and a written direction of the Authority as to any investment of such cash in defeasance obligations; (b) a certificate of the Authority specifying the maturity or maturities and principal amounts of each series of the Agency Bonds to be defeased (in the manner contemplated by the Indenture) with such cash and any defeasance obligations specified pursuant to the preceding clause (a); (c) a written certificate of an Independent Financial Consultant to the effect that (i) the aggregate of the scheduled principal and interest due on the portion, if any, of such Agency Bonds to be retained by the Trustee following such sale will be sufficient in time and amount to timely pay the principal and interest due on the Series 2005C Bonds which will remain Outstanding following such sale, and (ii) the amounts shown in "APPENDIX J—SURPLUS PAYMENTS" hereto, as such Appendix is to be revised following such sale of the Agency Bonds, for each subsequent Interest Payment Date, together with amounts to be remitted to the Trustee for each subsequent Interest Payment Date pursuant to any escrow established under the provisions described under "THE SERIES 2005 BONDS—Redemption—Escrows to Satisfy Asset Coverage Test," total at least 100% of the remaining scheduled principal and interest due on any Agency Bonds to be retained by the Trustee, on each such Interest Payment Date; and (d) an opinion of Bond Counsel to the effect that such sale, in itself, will not adversely affect the exclusion from the gross incomes of the owners of the interest on the Series 2005C Bonds. Upon receipt of such documents, the Trustee will (i) invest such cash as specified by the Authority pursuant to clause (a) above and hold such investments and any uninvested cash in an escrow fund to be used solely for payment of the Series 2005C Bonds defeased therewith, (ii) hold and invest such amounts in any escrow fund established pursuant to the provisions described under "THE SERIES 2005 BONDS—Redemption—Escrows to Satisfy Asset Coverage Test," and (iii) will cooperate with the Authority in the transfer of such Agency Bonds so sold to the purchaser thereof.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. None of the Authority, the Agency or the Underwriters guarantee or make any representation as to the accuracy or completeness thereof. Reference is made to Appendix I for a specimen of the Bond Insurance Policy which has been provided by the Bond Insurer for use herein.

Payment Pursuant to Financial Guaranty Insurance Policy

The Bond Insurer has made a commitment to issue the Bond Insurance Policy relating to the Series 2005C Bonds effective as of the date of issuance of the Series 2005C Bonds. Under the terms of the Bond Insurance Policy, the Bond Insurer will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2005C Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Bond Insurance Policy). The Bond Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which the Bond Insurer shall have received notice of Nonpayment from the Trustee. The Bond Insurance Policy will extend for the term of the Series 2005C Bonds and, once issued, cannot be canceled by the Bond Insurer.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal and on stated dates for payment, in the case of interest. If the Series 2005C Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2005C Bonds, the Bond Insurer will remain obligated to pay principal of and interest on outstanding Series 2005C Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2005C Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2005C Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does not insure any risk other than Nonpayment, as defined in the Bond Insurance Policy. Specifically, the Bond Insurance Policy does not cover:

- (a) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
- (b) payment of any redemption, prepayment or acceleration premium; or
- (c) nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of Series 2005C Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2005C Bonds to be registered in the name of the Bond Insurer to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to the Bond Insurer.

Upon payment of the insurance benefits, the Bond Insurer will become the owner of the Series 2005C Bonds, appurtenant coupons, if any, or right to payment of principal or interest on such Series 2005C Bonds and will be fully subrogated to the surrendering Holder's rights to payment.

In the event that the Bond Insurer were to become insolvent, any claims arising under the Bond Insurance Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Ambac Assurance Corporation

The Bond Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$8,585,000,000 (unaudited) and statutory capital of approximately \$5,251,000,000 (unaudited) as of March 31, 2005. Statutory capital consists of the Bond Insurer's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets

Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to the Bond Insurer.

The Bond Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Bond Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Bond Insurer under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Authority.

The Bond Insurer makes no representation regarding the Series 2005C Bonds or the advisability of investing in the Series 2005C Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by the Bond Insurer and presented under the heading "BOND INSURANCE."

Available Information

The parent company of the Bond Insurer, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. The Authority undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the SEC's Internet site as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of the Bond Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Bond Insurer. The address of the Bond Insurer's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference. The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

- 1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and filed on March 15, 2005;
- 2) The Company's Current Report on Form 8-K dated April 5, 2005 and filed on April 11, 2005;
- 3) The Company's Current Report on Form 8-K dated and filed on April 20, 2005;
- 4) The Company's Current Report on Form 8-K dated May 3, 2005 and filed on May 5, 2005; and

5) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2005 and filed on May 10, 2005.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above under "—Available Information."

CERTAIN BONDHOLDERS' RISKS

The following information should be considered by prospective investors in evaluating the Series 2005C Bonds. However, the following does not purport to be an exhaustive listing of all risks and other considerations which may be relevant to investing in the Series 2005C Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Projected Tax Increment Revenues

To estimate the tax increment available to pay debt service on the Agency Bonds, the Agency has retained the Fiscal Consultant, who has made certain assumptions with regard to the assessed valuation of taxable property in the Redevelopment Project Areas, future tax rates, percentage of taxes collected, the amount of funds available for investment and the interest rate at which those funds will be invested. The Agency and the Authority believe these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates, the percentage collected, the amount of the funds available for investment or the interest rate at which they are invested, are less than projected by the Fiscal Consultant, the tax increment available to pay debt service on the Agency Bonds will, in all likelihood, be less than those projected herein. See "APPENDIX B—FISCAL CONSULTANT'S REPORT."

Reduction in Taxable Values

Tax revenues allocated to the Agency are determined in part by the amount by which the assessed valuation of property in the Redevelopment Project Areas exceeds the respective base year assessed valuation for such property, as well as by the current rate at which property in the Redevelopment Project Areas 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. Assessed valuation of taxable property within the Redevelopment Project Areas may be reduced by economic factors beyond the control of the Agency or by substantial damage, destruction or condemnation of such property.

Events that are beyond the control of the Agency could occur and cause a reduction in tax revenues, thereby impairing the ability of the Authority and the Agency to make payments of principal and interest and premium, if any, when due on the Series 2005C Bonds and the Agency Bonds, respectively, on a timely basis. Certain events beyond the control of the Agency include, but are not limited, to:

- (a) a reduction of the assessed valuation of taxable property in the Redevelopment Project Areas caused by economic factors or other factors beyond the Agency's control, such as relocation out of the Redevelopment Project Areas by one or more major property owners; successful appeals by property owners for a reduction in a property's assessed valuation; a reduction of the general inflationary rate (see "—Reduction in Inflationary Rate" below); a reduction in transfers of property or construction activity; the destruction of property caused by natural or other disasters (see "—Risk of Earthquake" below); or other events that permit reassessment of property at lower values or result in a reduction of tax increment revenues;

(b) substantial delinquencies in the payment of property taxes by the owners of taxable property within the Redevelopment Project Areas could impair the timely receipt by the Agency of tax revenues and the Authority of Revenues; and

(c) the State electorate or legislature could adopt further limitations with the effect of reducing tax increment revenues. A limitation already exists under Article XIII A of the California Constitution, which was adopted pursuant to the initiative process. The State electorate could adopt additional similar limitations with the effect of reducing tax revenues. For a further description of Article XIII A, see "LIMITATIONS ON TAX REVENUES—Property Tax Rate and Appropriation Limitations" herein.

Additionally, application of the provisions of Article XIII A(2)(d) of the California Constitution and California Revenue and Taxation Code Section 68 may also result in a significant reduction of the assessed valuation of a property within the Redevelopment Project Areas. These provisions permit a person who is displaced from property by eminent domain proceedings or by governmental action resulting in a judgment of inverse condemnation to transfer the adjusted base year value of the property from which the person is displaced to another comparable property anywhere within the State. Persons acquiring replacement property must request assessment pursuant to these provisions within four years of the date the property was acquired by eminent domain or purchase or the date the judgment of inverse condemnation becomes final. Any such assessment pursuant to these provisions of Article XIII A(2)(d) and California Revenue and Taxation Code Section 68 could result in a substantial and completely unexpected reduction in the assessed valuation of a property within the Redevelopment Project Areas.

In order to estimate the total revenues available to pay debt service on the Agency Bonds, the Agency has retained the Fiscal Consultant, who has made certain assumptions with regard to the assessed valuation in the Redevelopment Project Areas, future tax rates and percentage of taxes collected. The Agency and the Authority believe these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than these assumptions, the Agency Tax Increment Revenues available to pay debt service on the Agency Bonds will, in all likelihood, be less than those projected. Unless mentioned herein, no independent third party has reviewed the estimates or assumptions made by the Agency and the Fiscal Consultant.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value basis of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. Such inflationary factor is [1.867]% for the State Fiscal Year ending June 30, 200[6]. For purposes of this Official Statement, "State Fiscal Year" means any 12-month period beginning on July 1 in any year and ending on the succeeding June 30 (both dates inclusive). **As provided for in Appendix B herein, the Fiscal Consultant, has projected tax revenues to be received by the Agency based, among other things, upon 2% inflationary increases.** Should the assessed valuation of taxable property in the Redevelopment Project Areas not increase at the projected annual rate of 2%, the Agency's receipt of future tax revenues may be adversely affected. See "LIMITATIONS ON TAX REVENUES—Property Tax Rate and Appropriation Limitations" and "APPENDIX B—FISCAL CONSULTANT'S REPORT" herein.

Development Risks

Project development within the Redevelopment Project Areas may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Redevelopment Project Areas could be adversely affected by future governmental policies, including policies that restrict or control development. If projected development in the Redevelopment Project Areas is delayed or halted, the economy of the Redevelopment Project Areas could be affected, potentially causing a reduction of the Agency Tax Increment Revenues available to repay the Agency Bonds. In addition, if there is a general decline in the economy of the Redevelopment Project Areas, the owners of property in the Redevelopment Project Areas may be less able or willing to make timely payments of property taxes, causing a reduction of Agency Tax Increment Revenues received by the Agency.

For a discussion of new development in the Redevelopment Project Areas, see “APPENDIX A—THE AGENCY AND THE PROJECT AREAS” herein.

The Agency cannot predict whether such new development will be impacted by the risks discussed above. See also “—Risk of Earthquake” below.

State Budget

In connection with its approval of a budget for State Fiscal Year 2003, the State Legislature adopted as urgency legislation Assembly Bill 1768 (“AB 1768”), effective September 30, 2002, which required redevelopment agencies to pay into the Educational Revenue Augmentation Fund (“ERAF”) in State Fiscal Year 2003 an aggregate amount of \$75 million. AB 1768 required the payment into ERAF in State Fiscal Year 2003 only. Historically, an ERAF was established in connection with the State Legislature’s approval of State budgets for State Fiscal Years 1993, 1994 and 1995. In such connection, legislation was enacted that, 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 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.

AB 1768 provided that one-half of the Agency’s ERAF obligation was calculated based on the gross tax increment received by the Agency and the other one-half of the Agency’s ERAF obligation was calculated based on net tax increment revenues (after any pass-through payments to other taxing entities). The Agency’s contribution in accordance with AB 1768 for State Fiscal Year 2003 was \$852,711, which the Agency paid.

In the final enacted of the 2003-04 State Budget (the “2003-04 State Budget”), redevelopment agencies were again required to make payments into ERAF. The payments were to be passed through to schools beginning at the level of \$250 million in State Fiscal Year 2004, and increasing to the full amount of diverted property taxes over time. The Agency’s contribution to ERAF for State Fiscal Year 2004 was \$1,349,494, which the Agency paid.

On July 31, 2004, the Governor signed the final 2004-05 State Budget (the “2004-05 State Budget”). The 2004-05 State Budget provides for ERAF payments by redevelopment agencies in the aggregate amount of \$250 million statewide for the next two State Fiscal Years. [The Agency’s share of the payment is \$2,900,701 for State Fiscal Year 2005, which was due May 10, 2005 and which was paid

by the Agency, and is estimated to be \$2,900,701 for State Fiscal Year 2005-06, which is due May 10, 2006.] The 2004-05 State Budget implements "Proposition 1A," which was placed on the November 2004 ballot to protect local government revenues and was adopted by the voters. Although Proposition 1A contains protections for the property tax revenues of cities, counties and special districts, it does not contain protections for the property tax revenues of redevelopment agencies. The State will determine the Agency's share of the payment into ERAF for State Fiscal Year 2005-06 using the same formula as was used for the 2004-05 payment, but the formula will be applied to revenues, not yet reported by the State Controller, from State Fiscal Year 2003-04. The payment into ERAF is an obligation of the Agency as a whole and is not tied to particular project areas.

The Agency's ERAF obligation in State Fiscal Year 2005-06 will not impair the Agency's ability to pay debt service on the Agency Bonds; moreover, such obligation is subordinate to debt service on the Agency Bonds. The 2004-05 State Budget does not call for any transfer of low- and moderate-income housing funds from redevelopment agencies to ERAF. The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF in future years. There can be no assurances that the State will not continue to experience budget gaps or that the State will require further ERAF shifts in future years. See "LIMITATIONS ON TAX REVENUES—The Educational Reserve Augmentation Fund" herein.

Information about the State budget and State spending is regularly available at various State maintained Internet sites. Text of the budget may be found at the Internet site of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. Information on these Internet sites has not been reviewed or verified by the Authority or the Agency and is not incorporated by reference in this Official Statement.

Levy and Collection

Neither the Agency nor the Authority has any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax revenues, and accordingly, could have an adverse impact on the ability of the Agency to pay debt service on the Agency Bonds. Similarly, substantial delinquencies in the payment of property taxes by the owners of taxable property within the Redevelopment Project Areas could also have an adverse effect on the ability of the Agency to make payments of principal and/or interest on the Agency Bonds when due. The County currently allocates tax revenues based upon the tax increment collected with delinquencies prorated between the taxing agencies and the Agency. Although the County has stated that there are no plans or discussions to change the existing distribution policy, no assurance can be given that this policy will not be modified by the County in the future. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS—Security for the Agency Bonds—Pledge and Allocation of Taxes."

Assessment Appeals and Tax Delinquencies

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the Los Angeles County Assessor (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. Several owners of property in the Redevelopment Project Areas have filed assessment appeals with respect to their property within the respective Redevelopment Project Areas. The reduction in taxable values within the Redevelopment Project Areas and the refund of taxes which may arise out of successful appeals by these owners will affect the amount of tax revenues available to the Agency. See

“LIMITATIONS ON TAX REVENUES—Property Tax Collection Procedures.” See also “APPENDIX A—THE AGENCY AND THE PROJECT AREAS.”

Limitations on Agency Tax Increment Revenues

The Agency Bonds are secured by a pledge of tax revenues attributable to each respective Redevelopment Project Area. The Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of tax revenues available to the Agency for payment of the principal of and interest on the Agency Bonds is affected by several factors, including but not limited to those discussed in the section “LIMITATIONS ON TAX REVENUES” below.

Limitations of Surplus Payments

The Surplus Payments to be made by the Agency in connection with the Purchased Series 2002 North Long Beach Bonds, will only be made on Interest Payment Dates commencing on [February 1, 2013]. Prior to February 1, 2013, such Surplus Payments will not be available to make-up any deficiencies of tax increment revenues payable by the Agency on the Purchased Series 2002A Downtown Bonds. The Surplus Payments to be made by the Agency in connection with the Purchased Series 2002 North Long Beach Bonds will only be made on Interest Payment Dates upon which debt service on the Purchased Series 2002 North Long Beach Bonds is also due. See “APPENDIX J—SURPLUS PAYMENTS.” In the event of the early redemption or defeasance of the Purchased Series 2002 North Long Beach Bonds, such Surplus Payments would not be available to the extent such Purchased Series 2002 North Long Beach Bonds have been redeemed or defeased, to make-up any deficiencies of tax increment revenues payable by the Agency on the Purchased Series 2002A Downtown Bonds. See, however, the discussion under “THE SERIES 2005 BONDS—Redemption—Escrows to Satisfy Asset Coverage Test” regarding the establishment of escrow funds in the event of such redemption.

Hazardous Substances

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

Bankruptcy and Foreclosure

The enforceability of the rights and remedies of the owners of the Series 2005C Bonds and the Agency Bonds and the obligations of the Authority and the Agency, respectively, may become subject to the following: 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 Series 2005C Bonds and the Agency 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.

In addition, although bankruptcy proceedings would not cause ad valorem property taxes to become extinguished, bankruptcy of a property owner in a particular Redevelopment Project Area could result in a delay in prosecuting superior court foreclosure proceedings of delinquent property and, could result in a delay in the receipt by the Agency of Agency Tax Increment Revenues. Such a delay would increase the possibility of a delay or default in payment of the principal of and interest on the Agency Bonds.

Separate Security; Default of Agency Bonds

Each respective issue of Agency Bonds has its own separate security, which security does not constitute security for any other issue of Agency Bonds (except the Surplus Payments). No Agency Tax Increment Revenues (except the Surplus Payments) or funds with respect to any issue of Agency Bonds are security for any other issue of Agency Bonds. The Authority and the Agency are separate and distinct legal entities, and the debts and obligations of one such entity are not debts or obligations of the other such entity.

A default in the payment of debt service on the Purchased Series 2002A Downtown Bonds or the Purchased Series 2002 North Long Beach Bonds constitutes an event of default only under that respective issue of Agency Bonds, as the case may be. A default under one issue of Agency Bonds does not constitute a default under other issue of Agency Bonds or under the Series 2005C Bonds, as the case may be. However, an event of default under any issue of Agency Bonds may result in insufficient Revenues with which to pay the principal of and interest on the Series 2005C Bonds, which could cause a default on the Series 2005C Bonds. See "APPENDIX G—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Events of Default."

No Acceleration

In the event of default in the payment of debt service on any issue of Agency Bonds, there is no remedy of acceleration of the debt service on the respective issue of Agency Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2005C Bonds, or, if a secondary market exists, that such Series 2005C 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 original purchase price.

Loss of Tax Exemption on the Series 2005C Bonds

As discussed under the caption "TAX MATTERS" herein, interest on the Series 2005C Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date

such Series 2005C Bonds were issued as a result of future acts or omissions of the Authority in violation of its covenants contained in the Indenture or as a result of future acts or omissions of the Agency in violation of its covenants contained in the Agency Indenture. Should such an event of taxability occur, the Series 2005C Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or prior redemption.

Risk of Earthquake

Generally, within the State, some level of seismic activity occurs on a regular basis. During the past 150 years, the Southern California area has experienced several major and numerous minor earthquakes. The City experienced a major earthquake in 1933. The most recent major earthquake in the Southern California area was the Northridge earthquake, which occurred on January 17, 1994. The Northridge earthquake, with an epicenter approximately 55 miles north of the City, measured 6.5 on the Richter scale.

If an earthquake were to substantially damage or destroy taxable property within the Redevelopment Project Areas, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the tax revenues that secure the Agency Bonds, which in turn could impair the ability of the Agency to make payments of principal of and/or interest on the Agency Bonds when due, which in turn could result in a reduction in Revenues that secure the Series 2005C Bonds and could impair the ability of the Authority to make payments of principal of and/or interest on the Series 2005C Bonds when due.

Parity Debt

The Agency may issue or incur obligations payable from Agency Tax Increment Revenues on a parity with its pledge of Agency Tax Increment Revenues to the payment of debt service on the Agency Bonds pursuant to the respective Agency Indentures and subject to the requirements thereof. The existence of and the potential for such obligations increases the risks associated with the Agency's payment of debt service on the Agency Bonds in the event of a decrease in the Agency's collection of Agency Tax Increment Revenues. The Purchased Series 2002A Downtown Bonds are payable from Downtown Tax Increment Revenues on a parity with the [Unpurchased] Series 2002A Downtown Bonds, and the Purchased Series 2002 North Long Beach Bonds are payable from North Long Beach Tax Increment Revenues on a parity with the Series 2005 North Long Beach Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS."

Subordinate Pledge of Downtown Tax Increment Revenues

The Purchased Series 2002A Downtown Bonds have a subordinate lien on Downtown Tax Increment Revenues subject to the senior lien on Downtown Tax Increment Revenues held by the Senior Downtown Bonds. The Agency has covenanted not to issue any additional obligations with a senior lien on Downtown Tax Increment Revenues (except obligations that would refund the [Senior Downtown Bonds], provided, that after the issuance of such refunding obligations the total debt service payable on a senior basis is less than or equal to the debt service of the [Senior Downtown Bonds] prior to such refunding) as long as the Purchased Series 2002A Downtown Bonds and any Downtown Parity Debt are outstanding. The Series 1992A Downtown Bonds will mature and no longer be outstanding as of November 1, 20[] and the Series 2002B Downtown Bonds will mature and no longer be outstanding as of November 1, 20[]. Until November 1, 20[] or such earlier date whereupon the Series 1992A Downtown Bonds and the Series 2002B Downtown Bonds are no longer outstanding, Downtown Tax Increment Revenues will first be used to satisfy the debt service requirements of the Series 1992A Downtown Bonds and the Series 2002B Downtown Bonds and only if there is excess Downtown Tax

Increment Revenues available will the debt service on the Purchased Series 2002A Downtown Bonds be paid from Downtown Tax Increment Revenues.

LIMITATIONS ON TAX REVENUES

The Agency Bonds are secured by the Agency Tax Increment Revenues. The Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of Agency Tax Increment Revenues available to the Agency for payment of the principal of and interest on the Agency Bonds is affected by several factors, including but not limited to those discussed below. See also "CERTAIN BONDHOLDERS' RISKS."

Introduction

The Redevelopment Law and the California Constitution provide a method for financing and refinancing redevelopment projects based upon an allocation of taxes collected within a project area. First, the assessed valuation of the taxable property in a project area last equalized prior to adoption of the redevelopment plan is established and becomes the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies on behalf of which taxes are levied on property within the project area will receive the taxes produced by the levy of the then, current tax rate upon the base roll. Except as discussed in the following paragraph, taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes produced as above indicated.

The California Legislature placed on the ballot for the November 1988, general election Proposition No. 87 (Assembly Constitutional Amendment No. 56) pertaining to allocation of tax increment revenues. This measure, which was approved by the electorate, authorized the Legislature to cause tax increment revenues attributable to certain increases in tax rates occurring after January 1, 1989, to be allocated to the entities on whose behalf such increased tax rates are levied rather than to the Agency, as would have been the case under prior law. The measure applies to tax rates levied to pay principal of and interest on general obligation bonds approved by the voters on or after January 1, 1989. Assembly Bill 89 (Statutes of 1989, Chapter 250), which implements this Constitutional Amendment, became effective on January 1, 1990. The projection of tax revenues to be allocated to the Agency provided in this Official Statement does not assume any increase in the tax rate applicable to properties within the Redevelopment Project Areas. See "APPENDIX B—FISCAL CONSULTANT'S REPORT."

Property Tax Rate and Appropriation Limitations

Article XIII A of State Constitution. California voters, on June 6, 1978, approved an amendment (commonly known as Proposition 13) 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 property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978; (b) bonded indebtedness for the acquisition or improvement

of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on such indebtedness; and (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

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 (a) real property between spouses and (b) 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, and 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.

The Agency has no power to levy and collect taxes. Any further reduction in the tax rate or the implementation of any constitutional or legislative property tax de-emphasis will reduce Agency Tax Increment Revenues, and, accordingly, would have an adverse impact on the ability of the Agency to pay debt service on the Agency Bonds.

Challenges to Article XIII A. On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing Proposition 13 for future determination in proper cases. Since 1978, several cases have been decided interpreting various provisions of Article XIII A; however, none of them have questioned the ability of redevelopment agencies to use tax allocation financing. The United States Supreme Court upheld the validity of the assessment procedures of Article XIII A in *Nordlinger v. Hahn*.

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 Agency 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 provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1.00 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization ("SBOE"). Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues.

Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

The Agency cannot predict whether there will be any challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of Agency Tax Incremental Revenues should a future decision hold unconstitutional the method of assessing property.

Article XIII B of the California Constitution. On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990 respectively, substantially modify Article XIII B. 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 Tax Year (for purposes of this Official Statement, "Tax Year" means any 12-month period beginning on July 1 in any year and ending on the succeeding June 30 (both dates inclusive), as adjusted for changes in the cost of living, population and services rendered by the government entity. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 Tax Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Tax Year 1990-91, each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIII B generally include any authorization to expend during a Tax Year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (a) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation); (b) the investment of tax revenues; and (c) certain subventions received from the State.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances or indebtedness will not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of such agency within the meaning of Article XIII B, nor will such portion of taxes be deemed receipt of the proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the constitution and laws of the State, including Section 33678. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, *Brown v. Community Redevelopment Agency of the City of Santa Ana* and *Bell Community Redevelopment Agency v. Woosley*. The plaintiff in *Brown v. Community Redevelopment Agency of the City of Santa Ana* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding.

Articles XIII C and XIII D of State Constitution. 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. Agency Tax Increment Revenues securing the Agency Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D 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.

Unitary Taxation of Utility Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the 1988-89 Tax Year, assessed value derived from State assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county wide as follows: (a) each tax rate area will receive the same amount from each assessed utility received in the previous Tax Year unless the applicable county wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (b) if values to be allocated are greater than in the previous Tax Year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the SBOE. Chapter 921 provides for the consolidation of operating unitary State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

Chapter 921 also provides that revenues derived from unitary property, commencing with the 1988-89 Tax Year, will be allocated as follows: (a) for revenues generated from the 1% tax rate, (i) each jurisdiction, including the Redevelopment Project Areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and (ii) if countywide revenues generated from unitary property are less than the previous year's unitary revenues or greater than 102% of the previous year's unitary revenues, each jurisdiction will share the burden or the shortfall or receive a percentage share of the excess unitary revenues by a specified formula; and (b) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. This provision applies to all unitary property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the SBOE, and administrative procedures have been implemented by the County Auditor to implement the legislation.

The County has implemented Chapter 921 by reducing the base year value of redevelopment projects by the value of unitary property they contain and by computing a project's allocation of revenues from County-wide unitary property on the incremental value of unitary property in the project in the 1987-88 Tax Year.

The provisions of Chapter 921 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the method of assessing utilities by the SBOE. Generally, Chapter 921 allows valuation growth or decline of unitary property to be shared by all jurisdictions in a county.

Litigation contesting the SBOE's procedures in determining the valuation of the seven largest utilities in the State has resulted in a stipulation between the SBOE and the utilities. According to the terms of the settlement, the valuations of the seven largest utilities declined by a total of 10.5%, and were phased in over a three-year period.

The Agency cannot predict the effect of any future litigation or settlement agreements concerning these matters on the amount of Agency Tax Increment Revenues received or to be received by the Agency. In the case of the County, non-unitary utility assessments represent only about 0.18% of the County's total assessment roll and therefore the Agency does not expect the new valuation method to result in a significant reduction in Agency Tax Increment Revenues.

The portion of tax revenues allocable to the Agency with respect to the Redevelopment Project Areas and attributable to unitary property is expected to be approximately \$[] for Tax Year 2005-06, which reflects the reported unitary revenue for [2004-05].

Property Tax Collection Procedures

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing state assessed public utilities property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A tax levied on unsecured property does not become a lien against the unsecured property but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has a priority over all other liens arising pursuant to California law on the secured property, regardless of the time of creation of the other liens.

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

Current law provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. See also "APPENDIX B—FISCAL CONSULTANT'S REPORT—5.4 Supplemental Assessments."

Property taxes on the unsecured roll are due as of the March 1 lien date and become delinquent, if unpaid, on the following August 31. A 10% penalty attaches to delinquent taxes on property on the

unsecured roll, and an additional penalty of 1.5% per month begins to accrue on the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (a) a civil action against the taxpayer; (b) 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; (c) filing a certificate of delinquency for recording in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (d) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Current tax payment practices by the County provide for payment to the Agency of secured tax revenues 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. Over-allocations, if any, are deducted from the next year's allocation. The unsecured tax increment revenues are advanced in November and March of each year with final reconciliation payments made in August.

Property Tax Administrative Costs

In 1990, SB 2557, and in 1992, SB 1559, authorized county auditors to determine property tax administrative costs proportionately attributable to local jurisdictions and to charge agencies for such costs. The charge resulting from this legislation is estimated at approximately [1.9%] of Redevelopment Project Area revenue based on a review of past administrative charges.

[The payments made as property tax administrative charges are considered tax increment for purposes of computation of the Housing Set-Aside or the determination of compliance with tax increment limits in the numerical information set forth herein.]

Plan Limitations

Under the provisions of the Redevelopment Law and the Redevelopment Plans, the Agency may not establish or incur loans, advances or indebtedness to finance in whole or in part the projects in the Redevelopment Project Areas beyond the dates for the areas indicated in Table 3 below. Loans, advances or indebtedness may be repaid over a period of time beyond said time limits. These limits, however, do not prevent the Agency from incurring 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 Plans, or establishing more debt in order to fulfill the Agency's obligations under Section 33413 of the Redevelopment Law and the Redevelopment Plans. This limit does not prevent the Agency from refinancing, refunding or restructuring indebtedness after the time limit if the indebtedness is not increased and the time during which the indebtedness is to be repaid does not exceed the date on which the indebtedness would have been paid.

Additionally, the Agency 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 Plans beyond the dates for the Redevelopment Project Areas indicated in Table 3 below, 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 Plans, debt incurred by the Agency prior to 1986, or debt established in order to fulfill the Agency's obligations under Section 33413 of the Redevelopment Law and the Redevelopment Plans.

In 2001, the Legislature enacted SB 211 (Chapter 741, Statutes of 2001) allowing redevelopment agencies to eliminate the time limit for incurring indebtedness required by Chapter 942 for redevelopment

plans adopted prior to January 1, 1994. The limit may be eliminated by a resolution of the redevelopment agency's legislative body and without going through a formal redevelopment plan amendment. Redevelopment agencies that eliminate the time limit for incurring indebtedness are subject to the statutory tax sharing of Chapter 942. SB 211 is applicable to the Downtown Project Area. The City Council has not eliminated the time limit in the Downtown Redevelopment Plan because the City Council has concluded that the Chapter 942 tax sharing payments would be too onerous.

Section 33333.6 of the Health and Safety Code was amended by SB 1045 (chaptered as Chapter 260, Statutes of 2003) which authorizes a legislative body to adopt an ordinance to amend a redevelopment plan to extend by one year the time limit established by Section 33333.6(a) on the effectiveness thereof and the time limit established by Section 33333.6(b) to pay indebtedness and receive property taxes, without needing to comply with Section 33354.6, Article 12 (commencing with Section 33450) or any other provision of Part 1 of the Redevelopment Law relating to the amendment of redevelopment plans. In April 2004, the City Council elected to extend by one year the termination date of the Downtown Redevelopment Plan and the North Long Beach Redevelopment Plan and to set the deadline for the receipt of tax increment for the repayment of debt to be 10 years after expiration date of the Downtown Redevelopment Plan and the North Long Beach Redevelopment Plan, respectively. See also "APPENDIX B—FISCAL CONSULTANT'S REPORT."

Section 33333.6 of the Health and Safety Code was further amended by SB 1096 which authorizes a legislative body to adopt an ordinance to amend a redevelopment plan to extend by one year for each year a redevelopment agency is required to make an ERAF payment required by Section 33681.12 of the Redevelopment Law the time limit established by Section 33333.6(a) on the effectiveness thereof and the time limit established by Section 33333.6(b) to pay indebtedness and receive property taxes, without needing to comply with Section 33354.6, Article 12 (commencing with Section 33450) or any other provision of Part 1 of the Redevelopment Law relating to the amendment of redevelopment plans by the following:

- (a) one year for each year in which a payment is made, if the time limit for the effectiveness of the redevelopment plan established pursuant to 33333.6(a) is 10 years or less from the last day of the fiscal year in which a payment is made; and
- (b) one year for each year in which such a payment is made, if both of the following apply:
 - (i) the time for the effectiveness of the redevelopment plan established pursuant to 33333.6(a) is more than 10 years but less than 20 years from the last day of the fiscal year in which a payment is made; and
 - (ii) the legislative body determines in the ordinance adopting the amendment that, with respect to the project, the following:
 - (A) the agency is in compliance with the requirements of Section 33334.6;
 - (B) the agency has adopted an implementation plan in accordance with the requirements of Section 33490;
 - (C) the agency is in compliance with subdivisions (a) and (b) of Section 33413, to the extent applicable; and

(D) the agency is not subject to sanctions pursuant to subdivision (e) of Section 33334.12 for failure to expend, encumber or disburse an excess surplus.

In January 2005, the City Council, pursuant to SB 1096, adopted an ordinance which extended by one year the termination date of the Downtown Redevelopment Plan. Such ordinance become effective on [February 17, 2005]. [Additionally, pursuant to SB 1096, the City expects to adopt additional ordinances in January 2006, in order to extend the termination date of the Downtown Redevelopment Plan by an additional year.] See Table 3 below for additional information.

Pursuant to the Downtown Redevelopment Plan, the maximum amount of tax increment the Agency may receive from the Downtown Project Area was established in the amount of \$879,300,000. The Agency reports that as of September 30, 2004 it had received approximately \$152,886,829 of tax increment revenues to date from the Downtown Project Area. The Agency does not expect to reach this tax increment limit during the period of time the Purchased Series 2002A Downtown Bonds are outstanding. In addition, pursuant to Section 33334.1 of the Redevelopment Law, the Agency has limited the amount of bonded indebtedness which can be outstanding at one time with respect to the Downtown Project Area to \$197,550,596. Upon the purchase of the Purchased Series 2002A Downtown Bonds (a portion of which are allocable to the bonded indebtedness limits of the Downtown Project Area), the Agency will have [\$98,855,402.88] ([\$38,520,000 allocable from the Series 1992A Downtown Bonds, [\$_____] allocable from the Series 2002A Downtown Bonds, [\$48,036,271.40] allocable from the Series 2002B Downtown Bonds and [\$12,299,131.48] allocable from the [Series 2005 Housing Bonds]) of bonded indebtedness outstanding with respect to the Downtown Project Area.

Pursuant to the North Long Beach Redevelopment Plan, the maximum amount of tax increment the Agency may receive from the North Long Beach Project Area was established in an unlimited amount. The Agency reports that as of September 30, 2004 it had received approximately \$65,310,395 of tax increment revenues to date from the North Long Beach Project Area. In addition, pursuant to Section 33334.1 of the Redevelopment Law, the Agency has limited the amount of bonded indebtedness which can be outstanding at one time with respect to the North Long Beach Project Area to \$2,000,000,000. As of July 1, 2005, the Agency will have [\$128,907,856.46] ([\$39,404,000] allocable from the Series 2002 North Long Beach Bonds, [\$64,080,000] allocable from the Series 2005 North Long Beach Bonds and [\$25,423,856.46] allocable from the Series 2005 Housing Bonds) of bonded indebtedness outstanding with respect to the North Long Beach Project Area.

TABLE 2
Redevelopment Agency of the City of Long Beach
Limitations For Redevelopment Project Areas

Component Project Areas	Adoption Date	Final Date to Incur Debt	Plan Ends	Final Repayment Date
Downtown Project Area	June 17, 1975	January 1, 2004	June 17, 20[16] ¹	June 17, 20[26] ¹
North Long Beach Project Area	July 16, 1996	July 16, 2016	July 16, 2027	July 16, 2042

¹ [The City has adopted an ordinance, which is expected to become effective on February 17, 2005, extending the termination date of the Downtown Redevelopment Plan to June 17, 2017 and the final repayment date to June 17, 2027. The City and the Agency expect to adopt an additional ordinance in January 2006 extending such dates to June 17, 2018 and June 17, 2028, respectively.] [Status?]
 Source: Redevelopment Agency of the City of Long Beach

Housing Set-Aside

Sections 33334.2 and 33334.3 of the Redevelopment Law require redevelopment agencies to set aside 20% of all tax increment derived from redevelopment project areas established after December 31, 1976 in a low and moderate income housing fund. Section 33334.2 provides that this low and moderate income housing requirement can be reduced or eliminated if a redevelopment agency finds annually by resolution, consistent with the housing element of the community's general plan, the following: (a) that no need exists in the community to improve, increase or preserve the supply of low and moderate income housing, including its share of the regional housing needs of very low income households and persons and families of low or moderate income; (b) that some stated percentage less than 20% of the tax increment is sufficient to meet the housing needs of the community, including its share of the regional housing needs of persons and families of low or moderate income and very low income households; or (c) that the community is making substantial efforts, consisting of direct financial contributions of funds from state, local and federal sources for low and moderate income housing of equivalent impact, to meet its existing and projected housing needs (including its share of regional housing needs). The authority for making the finding set forth in subsection (c) expired on June 30, 1993. Pursuant to the Redevelopment Law, housing set-aside funds may be pledged only to the repayment of bonds to the extent proceeds of such bonds are expended on qualifying housing purposes.

Chapter 1135, Statutes of 1985, amended Section 33334.3 and added Sections 33334.6 and 33334.7 to the Redevelopment Law, extending the requirement for redevelopment agencies to set aside into a low and moderate income housing fund 20% of tax increment revenues allocated to redevelopment project areas established prior to January 1, 1977, beginning with Tax Year 1985-86 revenues. A redevelopment agency may make the same findings described above to reduce or eliminate the low and moderate income housing requirement for such areas.

Additionally, as provided in Section 33334.6, as amended by Chapter 1111, for project areas (or portions thereof) established prior to January 1, 1977, a redevelopment agency may deposit less than the 20% low and moderate income housing deposit requirement in any Tax Year that the agency finds that such reduced deposit is necessary to make payments on "existing obligations," and, for Tax Years through 1995-96 only, to fund the orderly and timely completion of "public and private projects, programs or activities approved by the agency prior to January 1, 1986." The Downtown Project Area, which Redevelopment Plan was adopted prior to January 1, 1977, is subject to the requirements of Section 33334.6. Since the North Long Beach Redevelopment Plan was adopted subsequent to January 1, 1986, the above described deferral provisions are not applicable to the North Long Beach Project Area.

From time to time, the Agency has made one or more of the findings described above, including adoption of a Statement of Existing Obligations, and based on those findings deposited less than 20% of the tax increment generated by the Downtown Project Area into the Low and Moderate Income Housing Fund. In connection with the issuance of the Series 2002A Downtown Bonds, the Agency covenanted to defer its requirement to deposit 20% of all tax increment derived from the Downtown Project Area into the Low and Moderate Income Housing Fund in order to meet its debt service requirements on the Series 2002A Downtown Bonds. Pursuant to the terms of the Downtown Indenture, the covenant terminated upon the satisfaction of certain requirements set forth in the Downtown Indenture.

A redevelopment agency that deposits less than its low and moderate income housing fund deposit requirement due to existing obligations or the orderly and timely completion of public and private projects, programs or activities must have adopted prior to September 1, 1986, by resolution, after a noticed public hearing, a statement of existing obligations and/or a statement of existing programs describing each such obligation, project, program and activity. Should an agency deposit less than the moderate income housing requirement, the amount equal to the difference between the required amount

and the amount deposited that year will constitute an indebtedness of the project and the redevelopment agency will adopt a plan to eliminate the indebtedness in subsequent years as determined by the agency. The Agency has adopted such a plan and has deferred certain portions of its low and moderate income housing requirement with respect to the Downtown Project Area. As of September 30, 2004, the Agency owed \$[16,361,451] to the Low and Moderate Income Housing Fund with respect to the Downtown Project Area. The repayment of such deferral is subordinate to the Agency's obligation to pay debt service on the Series 1992A Downtown Bonds, the Series 2002A Downtown Bonds, the Series 2002B Downtown Bonds and its applicable portion of the [Series 2005 Housing Bonds]. The Agency does not expect to defer additional amounts of its low and moderate income housing requirement with respect to the Downtown Project Area in the future.

AB 1290

Pursuant to Assembly Bill 1290 (being Chapter 942, Statutes of 1993) ("AB 1290"), the Central Project Area and the North Long Beach Project Area are subject to statutory pass through requirements. AB 1290 provides for specific formulas for payment to be made by the Agency to affected taxing entities as follows: (a) from the first Tax Year in which the Agency receives tax increment until the last Tax Year in which the Agency receives tax increment, 25% of the tax increment is passed through to the entities (net of the 20% low and moderate income housing requirement); (b) commencing in the eleventh year, an additional 21% of the tax increment in excess of the tenth year tax increment is passed through to the entities (net of the 20% low and moderate income housing requirement); and (c) commencing in the thirty-first year, an additional 14% of the tax increment in excess of the thirtieth year tax increment is passed through to the entities (net of the 20% low and moderate income housing requirement).

The Educational Revenue Augmentation Fund

In connection with its approval of the budgets for the 1992-93, 1993-94, 1994-95, 2002-03, 2003-04 and, most recently, 2004-05 State Fiscal Years, as discussed above under "CERTAIN BONDHOLDER'S RISKS—State Budget," 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 into the ERAF. The legislation applicable to the 2004-05 and 2005-06 State Fiscal Years requires redevelopment agencies, including the Agency, to shift an aggregate of \$250 million in property tax revenues into the ERAF during the 2004-05 and 2005-06 State Fiscal Years for the benefit of K-12 schools and community colleges. This shift is required to be made by payment to the applicable county auditor-controller before May 10, 2005 for State Fiscal Year 2004-05 and May 10, 2006 for State Fiscal Year 2005-06. As with previous legislation, the Agency can make this payment using any funds available including funds provided by the City. If the Agency does not have sufficient funding to make the payment, they are authorized to borrow up to 50% of the amount required to be allocated to the Low and Moderate Income Housing Fund pursuant to Section 33334.6 during Tax Year 2004-05 and, if applicable, Tax Year 2005-06, subject to certain restrictions, which the Agency does not anticipate doing in the next two Tax Years, but must repay the loan within 10 years. If the Agency fails to make the full payment by the date specified, the County is authorized to withhold the unpaid amount from the City's tax revenues. Based upon the methodology provided in the 2004-05 State Budget, the shift requirement for the Agency was \$[2,900,701] for Tax Year 2004-05, which the Agency has paid, and is estimated to be \$[2,900,701] for Tax Year 2005-06. See "CERTAIN BONDHOLDERS RISKS—State Budget."

THE AUTHORITY

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated June 26, 1997, as amended (the "Joint Powers Agreement") by and between the City

and the Agency. The Joint Powers Agreement was entered into pursuant to the provisions of the California Government Code. The Authority is a separate entity constituting a public instrumentality of the State and was formed for the public purpose of providing financing and refinancing of activities of the Agency, the City or other local agencies through, the acquisition or leasing by the Authority of such public capital improvements and/or the purchase by the Authority of local obligations within the meaning of applicable laws.

APPROVAL OF LEGAL PROCEEDINGS

The legality of the issuance of the Series 2005C Bonds is subject to the approval of Quint & Thimmig LLP, San Francisco, California, acting as Bond Counsel. A copy of its proposed legal opinion with respect to the Series 2005C Bonds is attached hereto as "APPENDIX G—FORM OF BOND COUNSEL'S OPINION." Bond Counsel expresses no opinion with respect to the accuracy, completeness or fairness of the information presented in this Official Statement.

Certain legal matters will be passed upon for the Authority and the Agency by the City Attorney of the City of Long Beach, California. Certain legal matters will be passed upon for the Authority by its counsel, Kutak Rock LLP, Denver, Colorado, Disclosure Counsel. All of the fees of Bond Counsel and Disclosure Counsel with regard to the issuance of the Series 2005C Bonds are contingent upon the issuance and delivery of the Series 2005C Bonds.

TAX MATTERS

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the Series 2005C Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) such interest is taken into account in determining certain income and earnings.

The opinions set-forth in the preceding paragraph are subject to the conditions that the Authority, the Agency and the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the delivery of the Series 2005C Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Authority, the Agency and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Series 2005C Bonds.

In the further opinion of Bond Counsel, interest on the Series 2005C Bonds is exempt from California personal income taxes.

From time to time, there are legislative proposals in the United States Congress that, if enacted, could alter or amend the federal income tax consequences referred to above or could adversely affect the market value of the Series 2005C Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, any such proposal would apply to Series 2005C Bonds issued prior to enactment. Each purchaser of the Series 2005C Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Although Bond Counsel has rendered an opinion that interest on the Series 2005C Bonds is excluded from gross income for federal income tax purposes and that interest on the Series 2005C Bonds is exempt from California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2005C Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions taken or events are taken or do occur.

NO LITIGATION RELATING TO THE SERIES 2005C BONDS

To the best knowledge of the Authority and the Agency, except as otherwise disclosed in this Official Statement, there is no pending or threatened litigation concerning the validity of the Series 2005C Bonds, the pledge of Revenues, the Agency Bonds and the pledge of the Agency Tax Increment Revenues, or challenging any action taken by the Authority or the Agency in connection with the authorization of the Indenture or the Agency Indentures, or any other document relating to the Series 2005C Bonds, the Agency Bonds, or the redemption of the Refunded Bonds to which the Authority or the Agency is or is to become a party or the performance by the Authority or the Agency of any of their obligations under any of the foregoing.

RATINGS

Moody's and S&P are expected to assign ratings of "Aaa" and "AAA," respectively, to the Series 2005C Bonds with the understanding that upon delivery of the Series 2005C Bonds, the Bond Insurance Policy will be issued by the Bond Insurer. See "BOND INSURANCE."

Moody's and S&P have assigned underlying ratings of "Baa2" and "BBB," respectively, to the Series 2005C Bonds, without taking into account the issuance of the Bond Insurance Policy by the Bond Insurer.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; and Standard & Poor's, 55 Water Street, New York, New York 10041. Any explanation of the significance of such ratings may only be obtained from Moody's and S&P, respectively. The Authority, the Agency, the City, the Energy Department and the Bond Insurer furnished Moody's and S&P certain information and material concerning the Series 2005C Bonds, the Agency Bonds, the Series 2005 Gas Utility Bonds and the Bond Insurer, as applicable. Generally, rating agencies base their ratings on such information and material, and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that a rating given will remain in effect for any given period of time or

that it will not be lowered or withdrawn entirely by a rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Series 2005C Bonds.

CONTINUING DISCLOSURE

The Authority and the Agency have covenanted in the Continuing Disclosure Agreement to provide such annual financial statements and other information in the manner required by Rule 15c2-12 of the Securities and Exchange Commission (17 C.F.R. § 240.15c2-12) ("Rule 15c2-12"). The Authority and the Agency have entered into the Continuing Disclosure Agreement for the benefit of the holders of the Series 2005C Bonds to provide certain financial information and operating data concerning the Agency to each of the Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs") annually and to provide notice to the Municipal Securities Rulemaking Board or to the NRMSIRs of certain events, pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12. See "APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT" herein for a description of the Continuing Disclosure Agreement.

A failure by the Authority or the Agency to provide any information required under the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture. None of the Authority or the Agency have failed to comply with any previous undertakings with regard to said Rule 15c2-12 to provide annual reports or notices of material events.

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2005C Bonds and the Authority will not provide such information. The Authority will have no liability to the owners of the Series 2005C Bonds with respect to the Continuing Disclosure Agreement.

UNDERWRITING

The Series 2005C Bonds are being purchased by E. J. De La Rosa & Co., Inc. and UBS Financial Services Inc. (the "Underwriters"). The Underwriters have agreed to purchase the Series 2005C Bonds at a price of \$_____ (which represents the initial amount of the Series 2005C Bonds, plus a net original issue premium of \$_____, less an Underwriters' discount of \$_____). The bond purchase agreement pursuant to which the Series 2005C Bonds are being purchased by the Underwriters provides that the Underwriters will purchase all of the Series 2005C Bonds if any are purchased. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the bond purchase agreement. The initial public offering prices of the Series 2005C Bonds set forth on the cover and the inside front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2005C Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover and the inside of the cover hereof.

VERIFICATION OF MATHEMATICAL ACCURACY

[VERIFICATION AGENT], certified public accountants (the "Verification Agent") will deliver a report stating that the verification agent has verified the accuracy of mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the governmental obligations initially deposited in the Series 2002 Authority Escrow Fund and the Purchase Fund to provide for the payment of the interest due on each of the Refunded Bonds to and including the respective maturity or redemption dates therefor, as applicable, and to pay on the respective maturity or redemption dates therefor, as applicable, the principal or redemption price thereof.

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligations to update its report because of events occurring, or data or information coming to their attention, subsequent to the date of its report.

FINANCIAL ADVISOR

The Authority, the Agency and the City have retained the services of Gardner, Underwood & Bacon LLC, Los Angeles, California, as Financial Advisor, in connection with the authorization and delivery of the Series 2005C Bonds. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees of the Financial Advisor with regard to the issuance of the Series 2005C Bonds are contingent upon the issuance and delivery of the Series 2005C Bonds.

MISCELLANEOUS

All of the preceding summaries of the Series 2005C Bonds, the Indenture, applicable legislation and other agreements and documents are made subject to the provisions of the Series 2005C Bonds and such documents, respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the Chair of the Authority has been duly authorized by the Authority. Concurrently with the delivery of the Series 2005C Bonds, the Authority, and the Agency each will furnish to the Underwriters a certificate to the effect that this Official Statement, as of the date of this Official Statement and as of the date of delivery of the Series 2005C Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

LONG BEACH BOND FINANCE AUTHORITY

By _____
Chair

APPENDIX A

THE AGENCY AND THE PROJECT AREAS

General

The Agency was activated by the City Council on April 17, 1961 by Ordinance No. C 4184 pursuant to the Redevelopment Law. A separate seven member governing board, (the "Agency Board"), whose members are appointed by the Mayor and affirmed by the City Council, administers the affairs of the Agency. [The City Council is currently considering several alternatives to changing the members of the Agency Board, including an alternative whereby the City Council would declare itself the Agency Board.] The City's Redevelopment Bureau Manager serves as Executive Director of the Agency in the implementation of policy and administration of redevelopment activities. 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.

The present six members of the Agency Board (one position is currently vacant on the Agency Board, which is expected to be filled by September 2005) and the Executive Director of the Agency are as follows:

John Gooding, Chair
Thomas Fields, Vice Chair
William Baker, Member
Neil McCrabb, Member
Rick Meghiddo, Member
Jane Netherton, Member
Barbara A. Kaiser, Executive Director

All legislative powers of the Agency are vested in the Agency Board. Under the 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 (except as to the Los Altos Project Area (as defined herein), the West Beach Project Area (as defined herein) and the West Industrial Project Area (as defined herein) because the Agency let such power expire), 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. The audited financial statements of the Agency for the Fiscal Year ended September 30, 2004 are included as Appendix C hereto.

Designated Redevelopment Project Areas

Since the Agency was activated in 1961, it has adopted eight redevelopment projects covering various portions of the City. One of the eight redevelopment projects was subsequently declared invalid, currently leaving seven active redevelopment project areas. The Downtown Project Area and the North Long Beach Project Area are each discussed in detail in the following sections of this Appendix A. Brief descriptions of the other five redevelopment project areas of the Agency are presented below:

Central Project Area. The Central Long Beach Redevelopment Project Area (the "Central Project Area") was first established with the adoption of a redevelopment plan on September 21, 1993 under A.B. 598, special enabling legislation enacted following the civil disturbances of April 30-May 2, 1992, during which the majority of damage in the City occurred in the Central Project Area. Structural damage to Central Project Area buildings during the disturbances totaled \$19 million. Adoption of the Central Project Area occurred at the beginning of a severe economic recession in the State. Property values fell across the State and in the Central Project Area. In the years immediately following the establishment of the Central Project Area, the assessed value of real property in the Central Project Area fell below the base year value and remained there. As a result, the Central Project Area never produced tax increment. To correct the situation, the Agency and City Council established the Central Project Area for a second time with the adoption of the Central Redevelopment Plan by Ordinance No. C-7738 adopted by the City Council on March 6, 2001. Subsequently, property values have risen and the re-established Central Project Area produced its first tax increment in Fiscal Year 2003. The Central Redevelopment Plan was amended by the City Council by Ordinance No. C-7909 on April 6, 2004.

The Central Project Area consists of 2,619 acres, 100% of which can be classified as urbanized. It is generally located in southern Long Beach, south of the I-405 (San Diego) Freeway and north of downtown Long Beach, and east of the I-710 (Long Beach) Freeway and west of Redondo Avenue. The Central Project Area includes major north-south portions of Long Beach Boulevard, Pacific and Atlantic Avenues, and major east-west sections of Willow Street, Pacific Coast Highway, Anaheim and Seventh Streets, as well as surrounding residential neighborhoods.

The Central Project Area is characterized by severely deteriorated residential areas; large underutilized buildings and vacant sites located along Long Beach Boulevard, which were formally occupied by auto dealerships; by substandard buildings which house retail outlets with limited market potential; and by environmental problems. The Central Project Area has inadequate public improvements and public facilities, a lack of neighborhood-serving uses, limited public open spaces, few recreational opportunities and inadequate utilities. The overall purpose of the redevelopment effort is to re-direct and concentrate commercial facilities in significant centers and along major arterial corridors, facilitate the construction of public facilities, while accommodating residential needs and preserving existing neighborhoods.

Despite the lack of tax increment, the Agency and the City have constructed projects in the Central Project Area using alternative funding sources such as grants from the Department of Housing and Urban Development and a local transit agency. The following projects have been completed in this manner: Wrigley Marketplace (a combination of neighborhood retail center, light rail transit station and a parking garage for transit patrons); Atlantic Villas (15 new town-home units for low-income first-time homebuyers); Renaissance Walk (a combination child care facility and 40 single-family homes); and East Village Arts District (creation of live-work housing for artists, public art installations and support for public events celebrating the arts).

[New and future construction?]

Los Altos Project Area. The Los Altos Redevelopment Project Area (the "Los Altos Project Area") was established with the adoption of the Los Altos Redevelopment Plan pursuant to Ordinance No. C-6954 adopted by the City Council on December 10, 1991. The Los Altos Redevelopment Plan was amended by the City Council by Ordinance No. C-7294 on December 13, 1994 and by Ordinance No. C-7911 on April 6, 2004.

The Los Altos Project Area consists of approximately 45 acres and includes the area generally bounded by Twenty-Third Street on the north, Marwick Avenue on the east, Briton Drive/Abbyfield Street on the south and Bellflower Boulevard on the West. Additionally, the Los Altos Project Area contains 38 parcels.

All of the land in the Los Altos Project Area is completely developed and privately owned except for the public right-of-way. The Los Altos Project Area includes two large shopping centers and several smaller centers and commercial buildings. No residential uses are included in the Los Altos Project Area. One of the shopping centers, the Los Altos Shopping Center, which covers a majority of the Los Altos Project Area, was in a state of economic decline for several years. It was unable to maintain its economic viability in the retail market place or compete with more modern regional shopping centers in surrounding communities. Redevelopment of the shopping center began with new construction in January 1996, and was completed in November 1997. Major tenants now include Borders Books & Music, Bristol Farms Market, Circuit City, Comp USA, Sears, Sav-On Drugs and Wells Fargo Bank. There are no projects under construction, but there are plans to rehabilitate the northern section of the Los Altos Shopping Center.

Poly High Project Area. The Poly High Redevelopment Project Area (the "Poly High Project Area") was established with the adoption of the Poly High Redevelopment Plan pursuant to Ordinance No. C-5063 adopted by the City Council on April 3, 1973. The Poly High Redevelopment Plan was amended by the City Council by Ordinance No. C-5138 on August 20, 1974, by Ordinance No. C-5275 on December 14, 1976, by Ordinance No. C-6311 on November 11, 1986, by Ordinance No. C-7295 on December 13, 1994, by Ordinance No. C-7576 on November 17, 1998, by Ordinance No. C-7597 on March 16, 1999, by Ordinance No. C-7885 on November 11, 2003, by Ordinance No. C-7913 on April 6, 2004, by Ordinance No. C-7963 on January 11, 2005 and by Ordinance No. C-7971 on February 8, 2005.

The Poly High Project Area originally consisted of the Polytechnic High School; surrounding residential properties, many of which were deteriorated; a strip commercial area along Atlantic Avenue, also in a deteriorated condition; and a large vacant commercial structure, initially occupied by a Safeway store through the 1960's and subsequently occupied by the Social Security Administration Offices. Conditions in the Poly High Project Area prior to adoption of the Poly High Redevelopment Plan met statutory conditions for blight, with findings of physical deterioration and deficiencies in infrastructure systems, poor housing accommodations, older substandard and deteriorated commercial structures, overcrowded school facilities, and general economic stagnation.

The Poly High Project Area is a neighborhood development project, which includes the Polytechnic High School. It encompasses 87.1 acres from Pacific Coast Highway to the north, Martin Luther King Jr. Avenue to the east, Anaheim Street to the south and Atlantic Avenue to the west. The Polytechnic High School originally occupied 20 acres and redevelopment activities added an additional 6.5 acres.

The Poly High Project Area is quite small. There has been no new development in recent years and the Agency does not expect there to be new development in the future. Any increase in Poly High Tax Increment Revenues in the future will in all likelihood come from the already existing tax base in the Poly High Project Area. Most of the development in the Poly High Project Area took place in the 1980's. Redevelopment projects in the Poly High Project Area included improvements to streets and alleys; rehabilitation or reconstruction of two-thirds of the homes south of the Polytechnic High School; expansion of the Polytechnic High School; and construction of 45 new single-family homes for low and moderate income families. The Agency also assisted in the revitalization of a neighborhood shopping center on Atlantic Avenue that contains many businesses, including a bakery, restaurant and grocery. The Agency also assisted in bringing Notrica's Market (a grocery store) to the former site of the Social Security Administration Offices. However, Notrica's market closed in May of 1998, and has been replaced by a Smart and Final store which sells restaurant supplies and carries a large selection of produce and groceries for families.

West Beach Project Area. The West Beach Redevelopment Project Area (the "West Beach Project Area") is the initial project undertaken by the Agency pursuant to the West Beach Redevelopment Plan, which was adopted pursuant to Ordinance No. 4451 adopted by the City Council on July 21, 1964. The West Beach Redevelopment Plan was amended by the City Council by Ordinance No. C-4785 on December 24, 1968, by Ordinance No. C-6309 on November 11, 1986, by Ordinance No. C-7296 on December 13, 1994, by Ordinance No. C-7886 on November 11, 2003, by Ordinance No. C-7914 on April 6, 2004 and by Ordinance No. C 7964 on January 11, 2005.

The West Beach Project Area comprises approximately 21 acres and is located adjacent to the Downtown Project Area, within easy walking distance from the Long Beach Civic Center and the Central Business District Area. It is bounded on the north by Ocean Boulevard (1,880 frontage feet), on the east by Magnolia Avenue (490 feet), on the south by Seaside Boulevard and on the west by the Los Angeles River Flood Control Channel. Property located within the West Beach Project Area is zoned for CBD (Central Business District) uses, which is primarily for office and commercial development.

Almost all structures located within the West Beach Project Area at the time the West Beach Redevelopment Plan was adopted were residential units, with a majority of those devoted to multi-family use. Some commercial establishments, such as hotels, bars, tailor shops, locker clubs, cafes, a real estate office, laundry, market and TV repair shop, also existed within the West Beach Project Area. Commercial enterprises were dispersed among single-family dwellings and transient housing located adjacent to permanent facilities, all of which constituted mixed and improper land use. Conversion of buildings to rooming houses had a severe blighting effect through creation of excessive density in an area of high land coverage and little open space.

Lot sizes were substandard and overcrowded with structures because early development placed as many buildings as close to the beach as possible. All streets within the West Beach Project Area had inadequate right-of-way and pavement widths. Traffic circulation was poor because of north-south dead-ends at Seaside Boulevard, which required extensive use of alleys. Lack of off-street parking spaces impeded traffic flow and caused heavy congestion.

Field surveys indicates that most of the then existing structures in the West Beach Project Area were old and poorly maintained. Of the 141 buildings originally present, over 78% contained one or more building deficiencies, over 53% of the 120 dwellings were deteriorating and 35% of the units were dilapidated.

Relocation of existing business and residential tenants was completed by 1967 and structures were removed. Perimeter and interior street improvements are complete, as are most other public facilities serving the West Beach Project Area. Marketing of the West Beach Project Area for development began immediately after these improvements were completed. The construction on the entire five land parcels located within the West Beach Project Area is complete. These parcels include the following developments:

The Oceangate Tower, which is a 15-story office complex which contains approximately 200,000 square feet. The building houses tenants such as various shipping and legal firms. The building was completed in 1972.

The Union Bank of California building, which is a 14-story office complex which contains approximately 158,000 square feet. The building was completed in 1975. Major portions of the building are occupied by various federal agencies, including the Coast Guard, Office of Occupational Health and Safety and the Department of Justice.

The Molina Medical Center which is a 2-story medical complex which contains approximately 32,000 square feet. The building was completed in 1977. The building is occupied by the corporate offices of Molina Health Care.

The Arco Center, an approximate 400,000 square foot office development, completed in 1982 by Norland Properties, a California general partnership, which acquired the development from the Daon Corporation in January 1982. The complex features two 14-story office towers at a total development value of approximately \$60 million. Arco Transportation Division, Borg Warner, TRW, Thums and Lloyds Bank are major tenants in the complex.

The City National Bank building, a joint venture by Long Beach businessmen known as Goldenshore Professional Building Partnership constructed a 100,000 square foot office structure with a development value of approximately \$13 million. Over 75% of the space is occupied by the venture partners with Harbor Bank as a major tenant.

All of the foregoing developments include off-street parking for tenants and visitors which conform with City parking requirements. The West Beach Project Area serves as the western anchor of the Greater Downtown area and is an integral part of the office/hotel corridor development along Ocean Boulevard.

The entire West Beach Project Area has been built-out with the office complexes described above. There is no additional land available for development in the West Beach Project Area.

West Industrial Project Area. The West Industrial Redevelopment Project Area (the "West Industrial Project Area") was established with the adoption of the West Industrial Redevelopment Plan pursuant to Ordinance No. C-5188 adopted by the City Council on July 1, 1975. The West Industrial Redevelopment Plan was amended by the City Council by Ordinance No. C-6312 on November 11, 1986, by Ordinance No. C-7297 on December 13, 1994 and by Ordinance No. C-7887 on November 11, 2003.

The West Industrial Project Area has gone through several distinct phases over its 29-year history. The initial years of planning, analysis, and redevelopment plan adoption were followed by six years of litigation ending in 1981. While the Agency was active to a limited degree in voluntary land acquisition since 1977, the acquisition of land has intensified since 1985.

The West Industrial Project Area consists of approximately 1,368 acres held in approximately 600 different ownerships. The West Industrial Project Area is bounded on the north by the Pacific Coast Highway, on the south by Seaside Boulevard and Ocean Boulevard, on the east by the Los Angeles County Flood Control Channel, and on the west by the Long Beach City Boundary. The West Industrial Project Area can be divided into two portions by Anaheim Street. The northern portion or about 350 acres is an area of mixed land uses, including industrial, commercial and housing. The southern portion of the West Industrial Project Area, approximately 1,018 acres (approximately 74% of the West Industrial Project Area) is within the Long Beach Harbor District. With the purchase of the Union Pacific Resources Corporation properties, the Harbor Department of the City of Long Beach (the "Harbor Department") is the primary land owner within the West Industrial Project Area south of Anaheim Street. This portion of the West Industrial Project Area is included within a long range master plan developed by the Harbor Department.

The Agency has taken the lead role in improving the portion of the West Industrial Project Area located north of Anaheim Street. The Harbor Department has assumed responsibility for improvement of the West Industrial Project Area south of Anaheim Street. The Agency provides the Harbor Department with an annual financial contribution toward the cost of capital improvements located south of Anaheim Street.

Since the 1940s, the northern portion of the West Industrial Project Area has become an important industrial base with a high concentration of manufacturing firms, limited retail uses and several scattered residential uses. The redevelopment goal for this area is to reinforce this industrial base by assisting existing businesses to expand or consolidate and to attract new industrial developments into the project area. Working in concert with the West Industrial Project Area committee, several redevelopment activities have been initiated to accomplish these goals. These include an infrastructure needs analysis which became the basis for a five year, multi-million dollar capital improvement program, which constructed a master storm drain system and built new water and sewer lines and improvements to public streets, including street lights, fire hydrants and sidewalks. The Agency also has an on-going selective acquisition program to acquire private property, on a voluntary basis, and assist existing or new business through owner participation or development agreements. The Agency maintains a rehabilitation loan program and a small business development loan program which assists existing property owners, tenants, and new industrial businesses in making physical improvements on their properties. Since 1975, the Agency has spent more than \$130 million on redevelopment in the West Industrial Project Area. Such expenditures include:

Infrastructure Improvements	\$42,912,710
Land Acquisitions	24,277,217
Port Improvements	23,633,856
Affordable Housing (located outside of the West Industrial Project Area)	13,701,817
Disposition and Development Agreements	4,443,299
Business Assistance Support	7,314,303
1 West Police Station	6,262,000
Exterior Improvement Program	5,456,969
Revolving Loans	2,372,529
Capital Availability Program Loans	225,000

In 1975 the West Industrial Project Area consisted of heavy industrial uses on small parcels interspersed with residential areas. A mixed land use pattern of this kind presented problems for both industrial users and residents. The Agency has purchased residential properties, relocating the residents and reselling the property for industrial development. The Agency has also looked for opportunities to combine lots to provide space for larger businesses. Since 1975, the Agency has approved 49 disposition and development agreements and owner participation agreements that resulted in the establishment of new businesses or the expansion of existing ones. [The Agency currently owns an inventory of two properties that it is marketing for new industrial development. The Agency is negotiating with potential developers for both of these properties. There are five major developments currently under construction in the West Industrial Project Area.]

Future Borrowings from the City for Redevelopment Projects

From time to time, the Agency has borrowed funds from the City to finance redevelopment projects within the Redevelopment Project Areas and anticipates continuing to do so from time to time for capital improvements within the Redevelopment Project Areas. Such borrowings will be subordinate to the Agency's obligations with respect to the Agency Bonds.

Litigation

[There is currently no litigation pending or threatened against the Agency.]

Financial Statements

The audited financial statements of the Agency for the Fiscal Year ended September 30, 2004 are included as Appendix C attached hereto. The financial statements referred to above have been audited by KPMG LLP, Long Beach, California, independent certified public accountants, and by the City Auditor whose report with respect thereto also appears in Appendix C hereto. 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.

Maps

The maps on the following pages depict the redevelopment project areas of the Agency, the Downtown Project Area and the North Long Beach Project Area.

[INSERT MAP OF REDEVELOPMENT AREAS OF CITY]

[INSERT MAP OF DOWNTOWN PROJECT AREA]

[INSERT MAP OF NORTH LONG BEACH PROJECT AREA]

DOWNTOWN PROJECT AREA

History of the Downtown Project Area

The Downtown Project Area was established with the adoption of the Downtown Redevelopment Plan pursuant to Ordinance No. C-5187 adopted by the City Council on June 17, 1975. The Downtown Redevelopment Plan was amended by the City Council by Ordinance No. C-6310 on November 11, 1986, by Ordinance No. C-6331 on December 23, 1986, by Ordinance No. C-7292 on December 13, 1994, by Ordinance No. C-7557 on September 1, 1998, by Ordinance No. C-7596 on March 16, 1999, by Ordinance No. C-7910 on April 6, 2004 and by Ordinance No. C-7965 on January 11, 2005. [Any other Ordinances?]

The Downtown Project Area covers the City's Central Business District, the City/County Civic Center complex, the Convention and Entertainment Center and the Tidelands development area. Conditions in the Downtown Project Area prior to adoption of the Downtown Redevelopment Plan met statutory conditions for blight, with findings of high vacancy rates, poor housing accommodations, older substandard and deteriorated commercial structures and general economic stagnation. Under the Downtown Redevelopment Plan, it is the intention of the Agency to eliminate the blighting conditions by stimulating and assisting new commercial and visitor-related development within the Downtown Project Area. In 1986, the Downtown Redevelopment Plan was amended to stimulate and encourage the continued revitalization of the Downtown Project Area by planning for new residential and mixed-use development within the Downtown Project Area. This is to be accomplished through the rehabilitation of historic structures and through assembly and clearance of blighted property for sale to approved developers for the construction of redevelopment projects, marketing the downtown as an employment center, shopping area and visitor destination and through a programmatic revitalization strategy.

Downtown Project Area Description

The Downtown Project Area contains 421 acres of land generally extending from the shoreline on the south to Seventh Street on the north, and from Alamitos and Elm Avenues on the east to Magnolia and Pacific Avenues on the west. The original business district, historic shopping district and the former waterfront amusement area of the City is located within the Downtown Project Area.

The primary objective of the Downtown Redevelopment Plan with respect to the Downtown Project Area is to revitalize the City's downtown area by restoring this area as a center for business and commerce, and by reestablishing its relationship to the shoreline. General objectives of the Downtown Redevelopment Plan include diversifying land uses in the downtown to make it the principal focus of the City's cultural, employment, retail, service and visitor activities and a meaningful place in which to live and work.

The goals of the revitalization strategy include the expansion of the retail market downtown by encouraging a wide range of retail opportunities and enhancing the physical retail environment, the programming of public expenditures to achieve maximum results from limited resources and the creation of a program in which owners and tenants in the downtown are actively involved and have a stake in its success. Specific programs have been implemented to address these goals by utilizing both public and private financing resources. Major programs included creation of an open-air Friday farmer's market, allocation of \$1 million to make street, landscaping and signage improvements conducive to pedestrians, the development of a parking plan, and implementation of programs to provide financial incentives for major retailers to locate in the downtown area and for existing tenants to upgrade the exterior of their facilities. New, and recently expanded, retailers include Rock Bottom Restaurant and Brewery, King's Fish House, L'Opera Ristorante, New York Bryan's (NYB's), Mitaki, Inc., Smooth's Sports Grille,

Alegria Cocina Latina, Samurai Sam's, 7-Eleven, Café Sevilla, Mariposa, Cousin Jacks, Madison Restaurant, Wasabi Restaurant, Hooters Restaurant, Georges Greek Cafe, Alladin Restaurant, Taco Beach Restaurant, and Starbucks Coffee.

Downtown Project Area Status

Since the Downtown Project Area was implemented, over \$1 billion has been invested by the public and private sector. This includes the construction of over three million square feet of Class A office space, a regional shopping mall, a 30-acre park, three first class hotels, the Convention and Entertainment Center, the City/County Civic Center complex and a State office building. This has created over 15,000 permanent jobs in the downtown and annually attracts millions of shoppers, tourists and residents.

Since 1987, 505 residential units, 968,000 square feet of office and 462 hotel rooms have been renovated or constructed. Developments that have been completed or are in progress within the Downtown Project Area, many of which represent a major commitment of private capital to downtown Long Beach, are listed below, together with projects projected to be built in the future.

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**TABLE A-1
Downtown Project Area
Projects Completed**

Project	Use	Project Size	Value at Completion	Year of Completion
The Pike at Rainbow Harbor	Entertainment / Retail	350,000 sq. ft.	\$130,000,000	2004
City Place Retail and Residential Development	Retail and Residential	454,000 sq. ft., retail and 350 residential units	75,000,000	2004
The Park at Harbor View, Phase I / Camden	300 W. Ocean / Residential	538 apartments, 246 condos, 500 room hotel, retail/office space	250,000,000	2003
Rainbow Harbor	Pedestrian walkway and harbor improvements	Aquarium to Shoreline Village	40,000,000	2003
City Place	Retail	454,000 sq. ft.	50,000,000	2003
The Walker Building, Residential Lofts	401 N. Pine Ave., conversion of commercial building	439 lofts, 7 penthouses, ground floor retail	15,000,000	2003
California Repertory Theater, 213 E. Broadway	Repertory theater, 99-seats	Renovation of bldg.	Renovation	1998
Aquarium of the Pacific	Entertainment	156,735 sq. ft.	89,000,000	1998
Rock Bottom Brewery	Restaurant	9,500 sq. ft.	Renovation	1997
Parizot	Restaurant	6,000 sq. ft.	Renovation	1997
Taco Surf	Restaurant	2,000 sq. ft.	Renovation	1996
Churchill's Cigars	Retail	1,100 sq. ft.	Renovation	1996
Trilussa	Restaurant	6,000 sq. ft.	Renovation	1996
Art of Hands	studio/retail	2,000 sq. ft.	2,000,000	1996
Gold's Gym	Fitness center / Retail	34,000 sq. ft.	1,048,000	1996
Z Gallerie/Pacific Coast Club	3-story retail	25,000 sq. ft.	1,700,000	1995
Jillians Entertainment	2-story restaurant	17,200 sq. ft.	1,333,000	1995
American Laundry / B.U.M. Equipment	2-story retail	7,800 sq. ft.	1,000,000	1995
Kress Lofts	9-story residential	66,000 sq. ft.	10,200,000	1995
Convention Center Expansion Project	Convention / Entertainment	137,000 sq. ft.	110,000,000	1994
Crate & Barrel	1-story retail	9,500 sq. ft.	961,000	1994
Algeria	Restaurant	1,500 sq. ft.	Renovation	1994
Block 81 Retail Frontage	1 and 2-story retail	30,000 sq. ft.	Renovation	1993
Harbor Place Tower	22-story residential	225 units	80,000,000	1992
Pine Square Theatre Project	Mixed Use	16-screen movie theater /142 res. units /7,000 sq. ft. retail	45,000,000	1992
140 Pine Building	4-story office / retail	28,000 sq. ft.	6,000,000	1992
City Center Building	6-story office	60,000 sq. ft.	Renovation	1992
236-252 Pine Avenue	1 and 2-story retail	22,500 sq. ft.	Renovation	1992
Landmark Square	24-story office	436,000 sq. ft.	100,000,000	1991
Los Angeles to Long Beach Light Rail, Transit Mall in Downtown Long Beach	Public transportation		Unknown	1990
Breakers Hotel	15-story, residential	280 units	Renovation	1990
Enloe Building	6-story office	70,000 sq. ft.	Renovation	1989
Forney Building	1-story retail	9,000 sq. ft.	Renovation	1989
Shoreline Square	21-story office	366,000 sq. ft.	80,000,000	1988
Shoreline Square Sheraton	Hotel	462 rooms	60,000,000	1988
Thirty-Five Linden	5-story residential	42 units	8,000,000	1987
International Tower	31-story residential	204 units	Renovation	1987
Pacific Coast Club	3-story office	26,000 sq. ft.	Renovation	1987
Seapointe Apartments	4-story residential	158 units	12,000,000	1986
Ramada Renaissance	Hotel	374 rooms	55,000,000	1986
100 Broadway	6-story office	190,000 sq. ft.	45,000,000	1986
401 E. Ocean Blvd.	10-story office	128,000 sq. ft.	30,000,000	1984
Hyatt Regency Hotel	Hotel	542 rooms	100,000,000	1983
Shoreline Aquatic Park	30 acre park with Lagoon	30 acres	Unknown	1983
Shoreline Village and Marina	60 specialty shops, 2 restaurants, 132 boat slips	Unknown	Unknown	1983
Downtown Marina	1,825 Boat Slips	Unknown	Unknown	1982
Promenade Pedestrian Mall and Amphitheater	Extends from Marina to Shopping Mall	Unknown	Unknown	1982
Bank of America	2-story office	49,500 sq. ft.	10,000,000	1982
Holiday Inn	Hotel	235 rooms	25,000,000	1982
180 East Ocean	12-story office	195,000 sq. ft.	35,000,000	1982
Convention Center	Convention / Entertainment	88,000 sq. ft.	65,000,000	1978
Fidelity Federal Plaza	10-story office	122,000 sq. ft.	20,000,000	1968

Source: Redevelopment Agency of the City of Long Beach

**TABLE A-2
Downtown Project Area
Projects Under Construction**

Project	Use	Project Size	Estimated Value at Completion	Estimated Year of Completion
Genesis Realty/350 Ocean	E. Residential	17-story twin towers, 556 for sale residential units	\$100,000,000	2005
Insurance Exchange Residential Lofts	Promenade & Broadway, upper floor residential lofts	Basement/ ground floor commercial, upper floors lofts	5,000,000	2005
City Place, 4th & Elm Promenade Residential Development/Promenade between 1st St. & 3rd St.	Residential Residential/retail mixed use	350 units Blocks 90, 102, & 103	26,250,000 200,000,000	2005 2006
West Gateway Residential Development	Mixed use, ground level retail, 800/1,000 residential	Seven blocks, Broadway to 4th St., Golden to Cedar Avenues	200,000,000	2007

Source: Redevelopment Agency of the City of Long Beach

[Remainder of page intentionally left blank.]

**TABLE A-3
Downtown Project Area
Future Projects ¹**

Project	Use	Estimated Project Size	Estimated Value at Completion	Estimated Year of Completion
Camden Phase II	Residential / Hotel	246 condos/ 500 room hotel	\$150,000,000	2006
Broadway Lofts	Residential	48 units, retail	9,400,000	2006
City Place / Promenade Lofts / 3rd & Promenade	Residential lofts	63,000 sq. ft.	20,000,000	2006
D'Orsay Hotel	Hotel	11-story, 230 room hotel, retail, ballroom, conference rooms	35,000,000	2007
Pine and Ocean Residential	Residential-100 E. Ocean Blvd.	23-story high-rise residential development, 155 condo units, parking	TBD	2007
Ocean Center Building	Residential and Commercial - 110 W. Ocean Blvd/Pine Ave. (Reuse of Historic Ocean Center Building)	23 story high rise residential development and lower floor commercial	TBD	2007
Cedar Court - Former State Office Building Site	Residential and parking - 245 W. Broadway	300,725 sq. ft.	1,700,000	2008

¹ Estimated.

Source: Redevelopment Agency of the City of Long Beach

The City and the Downtown Project Area are major visitor destinations. The Downtown Project Area is home to long time attractions such as the Convention Center and the RMS Queen Mary (the "Queen Mary"). Since 1997, the Downtown Project Area has enhanced its attraction to visitors through the addition of the Aquarium of the Pacific (the "Aquarium"), Rainbow Harbor and the Shoreline Park.

The \$90 million Aquarium opened in 1998 and houses over 12,000 marine animals and birds. Adjacent to the Aquarium is the Rainbow Harbor. This public park contains a lighthouse, landscaped paths, and docks for tall ships, tour and sport fishing boats. Across Queensway Bay and adjacent to the Queen Mary is the Special Events Park that is home to Long Beach's Renaissance Faire, Scottish Festival, concerts and other annual and special events.

Additional visitor oriented development has been completed and is planned and under construction. The Pike at Rainbow Harbor, an entertainment and retail development which consists of approximately 370,000 square feet of restaurants, clubs, cinemas and waterfront retail space, was developed at a cost of approximately \$130 million and was completed in 2004.

Nationwide, city centers are attracting young professionals and childless households who desire a more urban lifestyle. Market studies have revealed an unmet demand for more than 1,000 new luxury rental units in downtown Long Beach. Developers have stepped forward to meet this demand. In 2003, Camden Development completed the construction of its first phase, 538 apartment units at a cost of approximately \$100 million. The apartment towers provide tenants with views of the Pacific Ocean. Camden's proposed \$150 million second phase will include a 500-room hotel and 246 condominium

units. The revised second phase condominiums received entitlement approval from the Planning Commission in March 2004, and are in pre-sale. Completion is scheduled in 2006. Third phase is under consideration for a hotel/residential project. A schedule for the third phase has not been released. Genesis Realty has closed escrow on a downtown Long Beach site on which it will build 556 residential units in two 17-story twin towers. The development cost is estimated to be \$100 million. [Construction has begun and is expected to be completed in mid-2005.] The Genesis towers will be located near the Convention Center and will provide ocean views from many of the units. Additional residential projects include the conversion of two historic buildings, the Walker Building and the Insurance Exchange Building, into residential lofts. The Walker Building was converted into 39 lofts and 7 penthouses at a cost of \$15 million. All residential condominiums have been sold. The ground floor retail space is being leased to a furniture store and bakery/café. The Insurance Exchange Residential Lofts is being converted at a cost of \$5 million. The Agency has also negotiated with three developers for three Agency owned sites on the Promenade. The Agency Board selected Lyon Realty for Site 1; The Olson Company for Site 2; and Lennar Southcoast Homebuilding for Site 3. The sites are in First Street and Third Street. The three projects are expected to be primarily residential with some commercial development. Phase 1 is expected to be completed in early 2006.

Recently completed retail projects include the City Place with 454,000 square feet of retail and up to 332 residential units. The Plaza Site is occupied by Wal-Mart, 221 apartment units and 39 condominium units. The International School Site is occupied by Albertsons, Sav-On drug store, and 72 condominium units. Signed tenants include Wal-Mart, Albertson's and Sav-On. All retail buildings and off-site improvements are substantially complete. The apartments and retail on Pine Avenue have been completed. [Construction on 4th and Elm condominiums is currently underway and expected to be completed mid-2005.] Plans for 3rd Street residential/retail sites are pending.

All real property in the Downtown Project Area is subject to the controls and restrictions of the Downtown Redevelopment Plan. The Downtown Redevelopment Plan itself is in accordance with standards incorporated in the City General Plan. The Downtown 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 Downtown 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 Downtown Redevelopment Plan allows for commercial-office, residential industrial and public uses within the Downtown 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 Downtown Project Area are established by the Downtown Redevelopment Plan and the City Municipal Code.

Ten Largest Assesseees

The table below sets forth the ten largest assesseees in the Downtown Project Area, whose property in the aggregate comprise approximately 48% of the total assessed value in the Downtown Project Area for Tax Year 2004-05.

TABLE A-4
Downtown Project Area
Ten Largest Assesseees
Tax Year 2004-05

	Assessee	Assessed Property	Assessed Valuation
1.	Trizechahn Colony Square Group LLC	Commercial-Office	\$144,283,566
2.	Camden Realty Inc. & Camden USA Inc.	Residential-Multi-Family/ Vacant	97,037,706
3.	DDR Urban LP	Possessory Interest	83,664,962
4.	350 Ocean Tower I LLC	Vacant	79,386,698
5.	Hyatt Long Beach Corporation	Possessory Interest/Unsecured	61,194,924
6.	Long Beach Hotel Associates	Vacant/Unsecured	32,688,286
7.	Salvation Army	Commercial Office	29,771,308
8.	Pacific Court Pine Squares Partners	Commercial-Retail	24,000,000
9.	Coventry Long Beach Plaza LLC	Vacant	23,861,211
10.	Long Beach Associates Partnership	Commercial-Hotel	<u>23,134,129</u>
	Total		<u>\$599,022,790</u>
	Share of 2004-05 Project-Wide Valuation		48.14%

Source: Los Angeles County/Transamerica Intellitech and Keyser Marston Associates, Inc.

Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. At the time of filing, applicants are required to estimate an opinion of value. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant/property owner. The reduction in future project area taxable values and the refund of taxes affects all taxing entities, including the Agency. See "LIMITATIONS ON TAX REVENUES—Property Tax Collection Procedures."

Several owners of property in the Downtown Project Area have filed assessment appeals with respect to the assessor's determination of the taxable value of real property, mineral rights and personal property within the Downtown Project Area. The Fiscal Consultant has projected that the current and prior year assessments of taxable value under appeal as of September 30, 2004 could result in a reduction of approximately 1.00% of the taxable value of all assessed property within the Downtown Project Area for the 2004-05 Tax Year. The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Downtown Project Area. Information with respect to the results of that research is set forth in the Fiscal Consultant's Report attached hereto as Appendix B. The cumulative multi-year tax refund, as projected by the Fiscal Consultant, would total approximately \$804,401. See "APPENDIX B—FISCAL CONSULTANT'S REPORT—3.8 Assessment Appeals" and "—Table 4 Assessment Appeals Analysis."

Collections Within the Downtown Project Area

Tax increment revenues collected in the Downtown Project Area are determined by the percentage of taxes collected within the Downtown Project Area. As of September 30, 2004, there were no delinquencies of the tax increment levy for all property within the Downtown Project Area for Tax

Year 2003-04. The following table sets forth the amount of tax collections received by the Agency in Tax Years 1999-00 through 2003-04 for the Downtown Project Area.

TABLE A-5
Downtown Project Area
Collections of Tax Increment Revenues
Tax Years 1999-00 Through 2003-04

Tax Year	Total Computed Levy	Total Tax Increment ¹	Percent Collected ²	Total Allocation ³	Percent Collected ⁴
2003-04	\$8,972,269	\$8,978,019	100.06%	\$10,135,600	112.97%
2002-03	7,781,192	7,597,645	97.64	8,600,406	110.53
2001-02	7,648,861	7,410,853	96.89	7,839,223	102.49
2000-01	7,222,757	6,801,422	94.17	6,991,407	96.80
1999-00	7,979,019	7,185,455	90.05	8,526,094	106.86

¹ 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.

² Total Tax Increment divided by Total Computed Levy.

³ Total Allocations reflect all tax increment revenues allocated for the close of each Tax Year, as reported by the County Auditor-Controller. Amounts include supplemental taxes, prior year redemptions payments, tax refunds, roll corrections and administrative changes.

⁴ Total Allocation divided by Total Computed Levy.

Source: Redevelopment Agency of the City of Long Beach and Keyser Marston Associates, Inc.

Housing Set-Aside

None of the Series 2002A Downtown Bond proceeds were expended for qualifying housing purposes. Bondholders should therefore assume that 20% of the tax increment from the Downtown Project Area will not be available for repayment of the Series 2002A Downtown Bonds. See "LIMITATIONS ON TAX REVENUES—Housing Set-Aside." See also "—Historical Revenues and Debt Service Coverage" below.

The table below shows the amount of the housing set-aside as of September 30 for the Tax Years 1999-00 through 2003-04 for the Downtown Project Area.

TABLE A-6
Downtown Project Area
Downtown Housing Set-Aside
Tax Years 1999-00 Through 2003-04

Tax Year	Downtown Housing Set-Aside
2003-04	\$2,027,120
2002-03	1,391,192
2001-02	1,505,829
2000-01	1,398,281
1999-00	1,674,785

Source: Redevelopment Agency of the City of Long Beach

Downtown Other Revenues

[The Agency has pledged the Downtown Other Revenues to the payment of the debt service on the Series 2002A Downtown Bonds, subject to the termination of such pledge as described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Security for the Agency Bonds—Security for the Series 2002A Downtown Bonds—Downtown Other Revenues"). The Downtown Other Revenues generally consist of revenues generated from certain parking lots owned by the Agency in the Downtown Project Area and certain royalties from oil and gas production. Revenues at the parking lots are collected through the use of parking meters, through the use of management companies which operate certain parking lots for the Agency, and through the leasing of certain parking lots to private operators. The Agency currently plans to sell its current parking lots for new development and plans to build new parking garages at other locations in the Downtown Project Area. Any proceeds received by the Agency from the sale of any of the parking lots or the receipt of revenues generated at new parking structures owned by the Agency after June 25, 2002 are not included in Downtown Other Revenues and, therefore, are not pledged to the payment of the Series 2002A Downtown Bonds. The following table shows the Downtown Other Revenues collected by the Agency in Fiscal Years 1999-00 through 2003-04. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Security for the Agency Bonds—Security for the Series 2002A Downtown Bonds—Downtown Other Revenues."]

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TABLE A-7
Downtown Project Area
Downtown Other Revenues
Fiscal Years 1999-00 Through 2003-04

Fiscal Year	Downtown Other Revenues	Net Downtown Other Revenues ¹
2003-04		
2002-03		
2001-02		
2000-01 ²	986,520	345,406
1999-00 ³	1,033,888	375,728

¹ Downtown Other Revenues minus maintenance and operation expenses.

² Gross revenues collected prior to maintenance and operating expenses.

³ Prior to the 2000-01 Fiscal Year, the Agency's contracts with the parking lot operators required such parking lot operators to submit only net revenues to the Agency. After Fiscal Year 1999-00 the Agency phased out this type of contract, and now all parking lot operators submit gross revenues to the Agency. The figures shown for Fiscal Year 1999-00 are a mix of net revenues and gross revenues.

Source: Redevelopment Agency of the City of Long Beach

Historical Revenues and Debt Service Coverage

Downtown Project Area assessed valuation has increased from \$119,285,031 in the 1974-75 base year to \$1,244,226,063 in Tax Year 2004-05 to produce a total incremental value of \$1,124,941,032. Since the 1999-00 Tax Year, assessed valuation has increased from \$857,181,049 to \$1,244,226,063 for the 2004-05 Tax Year to produce an increase of \$387,045,014 for such period of time. The 2004-05 assessed valuation of \$1,244,226,063 does not reflect reductions or refunds that may occur as a result of currently pending assessment appeals. The cumulative tax increment collected with respect to the Downtown Project Area as of September 30, 2004 is \$152,886,829. The tax increment with respect to the Downtown Project Area was \$8,978,019 for Tax Year 2003-04 as shown in the Downtown Project Area Historical Tax Increment table below.

Actual levels of future tax increment revenues collected in the Downtown Project Area will depend upon variables such as the rate of growth in tax increment resulting from new development, change of ownership and inflation, and changes in tax or rates, the resolution of assessment appeals and delinquencies in payments of taxes due. See "—Assessment Appeals" and "—Collections Within the Downtown Project Area" above.

Several owners of property in the Downtown Project Area have filed assessment appeals with respect to real and personal property, possessory interest and mineral rights. Each appeal could result in a reduction of the taxable value of the property which is the subject of the appeal. A reduction in such taxable value would result in a reduction of the tax increment revenues collected in the Downtown Project Area. Alternatively, an appeal may be withdrawn by the applicant or the Appeals Board may deny or modify the appeal at a hearing or by stipulation. See "—Assessment Appeals" above.

The following table shows the historical tax increment for Tax Years 1999-00 through 2003-04 for the Downtown Project Area.

TABLE A-8
Downtown Project Area
Historical Tax Increment
Tax Years 1999-00 through 2003-04

	1999-00	2000-01	2001-02	2002-03	2003-04
Reported Assessed Value ¹					
Secured	\$744,538,962	\$672,537,063	\$701,922,128	\$706,566,921	\$819,142,581
States Assessed	1,478,236	1,478,236	0	0	0
Unsecured	<u>111,163,851</u>	<u>110,873,061</u>	<u>125,091,336</u>	<u>134,686,190</u>	<u>144,050,898</u>
Total Project Value	857,181,049	784,888,360	827,013,464	841,253,111	963,193,479
Less Base Value ¹	<u>(119,285,031)</u>	<u>(119,285,031)</u>	<u>(119,285,031)</u>	<u>(119,285,031)</u>	<u>(119,285,031)</u>
Increment Value	<u>\$737,896,018</u>	<u>\$665,603,329</u>	<u>\$707,728,433</u>	<u>\$721,968,080</u>	<u>\$843,908,448</u>
Average Tax Rate	1.0120901%	1.0119095%	1.0100568%	1.0087421%	1.0076123%
Gross Tax Increment	\$ 7,468,173	\$ 6,735,303	\$ 7,148,459	\$ 7,282,796	\$ 8,503,325
Unitary Tax Revenue	<u>510,846</u>	<u>487,454</u>	<u>500,402</u>	<u>498,396</u>	<u>468,944</u>
Total Computed Levy	<u>\$ 7,979,019</u>	<u>\$ 7,222,757</u>	<u>\$ 7,648,861</u>	<u>\$ 7,781,192</u>	<u>\$ 8,972,269</u>
Total Allocation ²					
Secured Tax Increment	\$ 6,209,254	\$ 5,433,508	\$ 6,062,300	\$ 6,225,272	\$ 7,400,506
Unsecured Tax Increment	465,355	880,460	848,150	873,977	1,108,569
Unitary Tax Revenue	<u>510,846</u>	<u>487,454</u>	<u>500,402</u>	<u>498,396</u>	<u>468,944</u>
Total Annual Tax Increment	<u>\$ 7,185,455</u>	<u>\$ 6,801,422</u>	<u>\$ 7,410,853</u>	<u>\$ 7,597,645</u>	<u>\$ 8,978,019</u>
Percent Collected (Annual Tax Increment)	90.05%	94.17%	96.89%	97.64%	100.06%
Total Allocation ³	\$ 8,526,094	\$ 6,991,407	\$ 7,839,223	\$ 8,600,406	\$ 10,135,600
Percent Collected (Total Allocation)	106.86%	96.80%	102.49%	110.53%	112.97%

¹ Amounts shown are as reported by the Los Angeles County Auditor-Controller in August of each Tax Year.

² Source: Los Angeles 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 Tax Year, as reported by the County Auditor-Controller. Amounts include supplemental taxes, prior year redemptions payments, tax refunds, roll corrections and administrative charges.

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The following table shows the debt service schedule and calculation of projected debt service coverage for the Senior Downtown Bonds and the Series 2002A Downtown Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Security for the Agency Bonds."

TABLE A-9
Downtown Project Area
Debt Service and Coverage Projections
Senior Downtown Bonds and Series 2002A Downtown Bonds

Fiscal Year Ending (September 30)	Projected Downtown Tax Increment Revenues Available for Debt Service ¹	Total Senior Downtown Bonds Debt Service ²	Projected Revenues Available to Pay Debt Service on Series 2002A Downtown Bonds ³	Total Series 2002A Downtown Bonds Debt Service ⁴	Projected Coverage on Series 2002A Downtown Bonds ^{5,6}	Projected Coverage on Senior Downtown Bonds and Series 2002A Downtown Bonds ^{6,7}
2005						
2006						
2007						
2008						
2009						
2010						
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						

¹ Assumes the Agency will not elect to extend certain deadlines under SB 211. Also see "Appendix A—Fiscal Consultant's Report" for additional assumptions on calculation of Projected Downtown Tax Increment Revenues Available for Debt Service. Does not include any Downtown Other Revenues.

² The Senior Downtown Bonds have a senior lien on the Downtown Tax Increment Revenues.

³ Equal to Projected Downtown Tax Increment Revenues Available for Debt Service less Total Senior Downtown Bonds Debt Service plus projected Downtown Other Revenues. Downtown Other Revenues are projected to be [\$986,000] per fiscal year. The pledge of Downtown Other Revenues is subject to termination as set forth under the caption "SECURITY AND SOURCES OF PAYMENT OF THE BONDS—Security for the Agency Bonds—Security for the Purchased Series 2002A Downtown Bonds—Downtown Other Revenues." [Does not include earnings from amounts on deposit in the 2002A Downtown Special Escrow Fund.]

⁴ Includes debt service due on [\$26,820,000] aggregate principal amount of Series 2002A Downtown Bonds (including the Purchased Series 2002A Downtown Bonds) issued at a true interest cost of 5.13%]

⁵ Equal to Projected Revenues to Pay Debt Service on the Series 2002A Downtown Bonds divided by Total Downtown Bonds Debt Service.

⁶ Calculation of coverage ratio is different than calculation of coverage for the release of moneys from the 2002A Downtown Special Escrow Fund or for the issuance of additional Agency Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Security for the Agency Bonds."

⁷ Equal to the quotient of (a) the sum of Projected Downtown Tax Increment Revenues Available for Debt Service plus projected Downtown Other Revenues, divided by (b) the sum of Total Senior Downtown Bond Debt Service plus Total Series 2002A Downtown Bonds Debt Service.

Source: Keyser Marston Associates, Inc. and Gardner, Underwood & Bacon LLC

NORTH LONG BEACH PROJECT AREA

History of the North Long Beach Project Area

The North Long Beach Project Area was established with the adoption of the North Long Beach Redevelopment Plan pursuant to Ordinance No. C-7412 adopted by the City Council on July 16, 1996. The North Long Beach Redevelopment Plan was amended by the City Council by Ordinance No. C-7912 on April 6, 2004.

The North Long Beach Project Area mainly covers residential, commercial and industrial areas in North Long Beach and harbor waterfront property in the Port of Long Beach (the "Port") which was previously operated by the U.S. Navy. The desire for redevelopment originated in the community. For many years property owners, business tenants, and residents had been concerned about the deteriorating physical and economic conditions along the commercial corridors that extend throughout the area, and the negative impact these conditions had on the surrounding residential areas. In the spring of 1993, residents approached the City Council and requested that redevelopment be used as a tool to help cure some of the conditions they were experiencing in the community. After some study, the Agency determined that the conditions evidenced in the North Long Beach area were not only a problem in and of themselves, but also were symptomatic of the changes to the overall economic structure in the City.

Conditions in the North Long Beach Project Area prior to adoption of the North Long Beach Redevelopment Plan met statutory conditions for blight, with findings of high vacancy rates, poor housing accommodations, older substandard and deteriorated commercial structures and general economic stagnation. Under the North Long Beach Redevelopment Plan, it is the intention of the Agency to eliminate the blighting conditions by stimulating and assisting industrial and commercial rehabilitation, public works improvements, provision of additional public facilities, affordable housing, hazardous waste remediation, and economic development.

North Long Beach Project Area Description

The North Long Beach 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 North Long Beach 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.

North Long Beach Project Area Status

The North Long Beach Project Area is primarily made up 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 Harbor Department is the lead agency inside of the Port. The Agency's main goal in the North Long Beach 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.

The North Long Beach Project Area lacked the retail facilities needed to serve its large residential population. The Agency's first projects were the development of new locations for Vons Grocery, Orchard Supply Hardware and Trader Joes. The Orchard Supply Hardware was completed in 1998 with 100,000 square feet of retail space at a cost of \$9 million. The Trader Joe's Center was completed in

2000 with 13,000 square feet of retail space at a cost of \$3.4 million. These were the type of retailers most requested by the community. The rehabilitation and construction of new housing is an important aspect of neighborhood revitalization. The Grisham Neighborhood Housing was completed in May 2004 at a cost of \$21.28 million which consist of 24 4-unit affordable-rent apartment buildings, childcare center/community center and open space. The Bayshore development was completed in 2000 at a cost of \$21 million with 42 single-family houses.

The Agency worked with the community to create the North Long Beach Strategic Guide for Redevelopment and the North Long Beach Street Enhancement Master plan. The plans calls for a new village commercial center, a new branch library, a new police station, streetscape improvements, paving of all unpaved alleys, repaving or reconstruction of local streets, commercial facade improvements and several new parks. One of the proposed parks would be constructed on what is now a contaminated and vacant industrial site. The North Long Beach Police Station is a 20,000 square feet full service police station that was completed in September 2004 at a cost of \$9.5 million.

Additionally, visitor oriented development has been completed and is planned. Carnival Corporation ("Carnival") signed an agreement to build a new passenger terminal adjacent to the Queen Mary. The new Cruise Terminal was completed and opened in the 4th Quarter of 2002. Carnival converted the former Spruce Goose Dome into an embarkation facility and constructed a 5-story, 1,250 space parking structure at an estimated cost of \$40 million.

Developments that have been completed or are in progress within the North Long Beach Project Area, together with projects projected to be built in the future are listed in the following tables.

TABLE A-10
North Long Beach Project Area
Projects Completed

Project	Use	Project Size	Value at Completion	Year of Completion
Grisham Project	Residential	104 units	\$22,000,000	2004
North Long Beach Police Station	Police Station	20,000 sq. ft.	9,500,000	2004
Carnival Cruise Terminal	Terminal and Garage	N/A	40,000,000	2003
Piers D, E and F	Port Terminal	160 acres	19,200,000	2003
Northpointe Apartments	Residential	528 units	55,000,000	2003
Bayshore	Single Family Homes	42 units	25,000,000	2002
Pier T Improvements – Phase I	Port Terminal	20 acres	2,240,000	2002
Pier T Improvements – Phase I	Port Terminal	260 acres	29,000,000	2002
Pier T Cranes	Port Terminal	12 cranes	72,000,000	2002
Pier T Improvements – Phase I	Port Terminal	115 acres	12,888,000	2002
Manilla Tract	Single Family Homes	42 units	21,000,000	2000
Trader Joes Center	Retail	13,000 sq. ft.	3,400,000	2000
Alley Improvement/ North of Salt Lake Ave.	Paving Alleys	N/A	40,000	1999
North Long Beach Library Parking Lot	Parking Lot	5559 Orange Ave	250,000	1999
Orchard Supply Hardware / Vons Grocery	Retail	100,000 sq. ft.	9,000,000	1998

Source: Redevelopment Agency of the City of Long Beach

**TABLE A-11
North Long Beach Project Area
Projects Under Construction**

Project	Use	Estimated Project Size	Estimated Value at Completion	Estimated Year of Completion
Community Mini-Park at Market and Dairy	Community Park	14,000 sq. ft.	\$ 449,781	2005
Infra-Structure, Street Enhancement Program	Public Facilities	N/A	467,219	2005
Infra-Structure, Streetscape Design and Improvements	Public Facilities	N/A	3,019,202	2005
Infra-Structure, Street Reconstruction, Overlays Design and Improvements	Public Facilities	N/A	5,127,003	2005
Infra-Structure, Alley Paving Design and Improvements	Public Facilities	N/A	72,502,480	2005

Source: Redevelopment Agency of the City of Long Beach

**TABLE A-12
North Long Beach Project Area
Future Projects ¹**

Project	Use	Estimated Project Size	Estimated Value at Completion	Estimated Year of Completion
Infra-Structure, Future Street and Streetscape Improvements	Public Facilities	N/A	\$ 517,300	Spring 2005
Community Mini-Park at Plymouth and Elm	Community Park	48,750 sq. ft.	413,000	Summer 2005
Queen Mary Development	Hotel/Retail	Renovate QM rooms and public areas / development of mixed-use development on adjacent site	Renovation: 12,500,000 Development: 100,000,000	Renovation: 2005 Development: 2005
Community Park at 55 th Way	Community Park	5 acres	6,800,000	2007
North Long Beach Library and Community Center	Library	20,000 sq. ft.	7,000,000	2007

Source: Redevelopment Agency of the City of Long Beach

All real property in the North Long Beach Project Area is subject to the controls and restrictions of the North Long Beach Redevelopment Plan. The North Long Beach Redevelopment Plan itself is in accordance with standards incorporated in the City General Plan. The North Long Beach 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 North Long Beach 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 North Long Beach 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 North Long Beach Project Area are established by the North Long Beach Redevelopment Plan and the City Municipal Code.

Ten Largest Assesseees

The table below sets forth the ten largest assesseees in the North Long Beach Project Area, whose property in the aggregate comprise approximately 25% of the total assessed value in the North Long Beach Project Area for Tax Year 2004-05.

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TABLE A-13
North Long Beach Project Area
Ten Largest Assesseees
Tax Year 2004-05

Assessee	Assessed Property	Assessed Valuation
1. Hanjin Shipping Company Ltd.	Possessory Interest (Containerized Shipping)	\$ 386,116,676
2. Pacific Maritime Services LLC/SSA Terminals (Long Beach) LLC/SSA Containers Inc./SSA Pacific Inc. ¹	Possessory Interest (Containerized Shipping) and Unsecured	272,689,602
3. International Trans Service Inc./ International Transportation	Possessory Interest (Containerized Shipping) and Unsecured	133,154,151
4. Long Beach Container Terminal	Possessory Interest (Containerized Shipping) and Unsecured	131,001,317
5. TABC Inc.	Industrial/Manufacturing/Unsecured	103,691,756
6. APM Terminals Pacific Ltd.	Unsecured	95,782,868
7. California United Terminals	Possessory Interest (Containerized Shipping)	72,982,517
8. Hughes Aircraft Company	Industrial/Manufacturing/ Commercial-Office	62,287,210
9. Arco Terminal Services Corp.	Industrial/Mineral Processing Plant	58,374,227
10. Long Beach Acquisition LLC	Unsecured	<u>46,987,696</u>
Total		<u>\$1,363,068,020</u>
Share of 2004-05 Project-Wide Valuation		24.60%

¹ Assessment appeals pending. See “—Assessment Appeals” below.

Source: Los Angeles County/Transamerica Intellitech and Keyser Marston Associates, Inc.

Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. At the time of filing, applicants are required to estimate an opinion of value. The resolution of an appeal may result in a reduction to the Assessor’s original taxable value and a tax refund to the applicant/property owner. The reduction in future project area taxable values and the refund of taxes affects all taxing entities, including the Agency. See “LIMITATIONS ON TAX REVENUES—Property Tax Collection Procedures.”

Several owners of property in the North Long Beach Project Area have filed assessment appeals with respect to the assessor’s determination of the taxable value of real property, personal property and possessory interests within the North Long Beach Project Area. The Fiscal Consultant has projected that the current and prior year assessments of taxable value under appeal as of September 30, 2004 could result in a reduction of approximately 1.22% of the taxable value of all assessed property within the North Long Beach Project Area for the 2004-05 Tax Year. Included in this estimation are appeals filed by Pacific Maritime Services LLC, and SSA Containers Inc. of their 2002-03 assessed valuation. The Fiscal Consultant researched the status of assessment appeals filed by property owners in the North Long Beach

Project Area. Information with respect to the results of that research is set forth in the Fiscal Consultant's Report attached hereto as Appendix B. The cumulative multi-year tax refund, as projected by the Fiscal Consultant, would total approximately \$804,401. See "APPENDIX B—FISCAL CONSULTANT'S REPORT—3.8 Assessment Appeals" and "—Table 4 Assessment Appeals Analysis."

Collections Within the North Long Beach Project Area

North Long Beach Tax Increment Revenues are determined by the percentage of taxes collected within the North Long Beach Project Area. As of September 30, 2004, approximately 2% of the total tax increment levy for all property within the North Long Beach Project Area for Tax Year 2003-04 was delinquent. The following table sets forth the amount of tax collections received by the Agency in Tax Years 1999-00 through 2003-04 for the North Long Beach Project Area.

TABLE A-14
North Long Beach Project Area
Collections of Tax Increment Revenues
Tax Years 1999-00 Through 2003-04

Tax Year	Total Computed Levy	Total Tax Increment ¹	Percent Collected ²	Total Allocation ³	Percent Collected ⁴
2003-04	\$20,335,969	\$19,925,107	97.98%	\$26,092,608	128.31%
2002-03	11,332,602	11,047,447	97.48	13,286,238	117.24
2001-02	9,744,571	9,557,724	98.08	10,253,284	105.22
2000-01	7,890,890	7,637,279	96.79	7,826,674	99.19
1999-00	6,397,414	6,787,865	106.10	7,052,624	110.24

¹ 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.

² Total Tax Increment divided by Total Computed Levy.

³ Total Allocations reflect all tax increment revenues allocated for the close of each Tax Year, as reported by the County Auditor-Controller. Amounts include supplemental taxes, prior year redemptions payments, tax refunds, roll corrections and administrative changes.

⁴ Total Allocation divided by Total Computed Levy.

Source: Redevelopment Agency of the City of Long Beach and Keyser Marston Associates, Inc.

Valuation of Property in Port Area

Approximately 40% of the North Long Beach Project Area is within the Port area which is subject to the jurisdiction of the City through its Harbor Department. Pursuant to the City's charter, the City acquires property in the Port area and leases it to private entities for harbor purposes. Upon acquisition, the property acquired is removed from the tax rolls. Upon leasing the property "to private entities" the property is newly assessed as a possessory interest. The taxable value as a possessory interest is typically less than the taxable value prior to acquisition by the City. The reduction in taxable values affects all taxing entities, including the Agency.

Additionally, at the time the property is removed from the tax roll, it is the practice of the assessor to allow no reduction in the base year tax roll amount utilized for calculation of the Agency's redevelopment tax increment for the North Long Beach Project Area.

Housing Set-Aside

None of the proceeds of the Series 2002 North Long Beach Bonds were expended for qualifying housing purposes. Bondholders should therefore assume that 20% of the tax increment from the North Long Beach Project Area will not be available for repayment of the Purchased Series 2002 North Long Beach Bonds. See "LIMITATIONS ON TAX REVENUES—Housing Set-Aside" above and "—Historical Revenues and Debt Service Coverage" below.

The table below shows the amount of the housing set-aside as of September 30 for the Tax Years 1999-00 through 2003-04 for the North Long Beach Project Area.

TABLE A-15
North Long Beach Project Area
North Long Beach Housing Set-Aside
Tax Years 1999-00 Through 2003-04

Tax Year	North Long Beach Housing Set-Aside
2003-04	\$5,218,522
2002-03	2,657,248
2001-02	2,050,657
2000-01	1,565,335
1999-00	1,389,002

Source: Redevelopment Agency of the City of Long Beach

Historical Revenues and Debt Service Coverage

North Long Beach Project Area assessed valuation has increased from \$3,104,508,715 in the 1995-96 base year to \$5,540,495,352 in Tax Year 2004-05 to produce a total incremental value of \$2,435,986,637. Since the 1999-00 Tax Year, assessed valuation has increased from \$3,736,586,103 to \$5,540,495,352 for the 2004-05 Tax Year to produce an increase of \$1,803,909,249 for such period of time. The 2004-05 assessed valuation of \$5,540,495,352 does not reflect reductions or refunds that may occur as a result of currently pending assessment appeals. The cumulative tax increment collected with respect to the North Long Beach Project Area as of September 30, 2004 is \$65,310,395. The tax increment with respect to the North Long Beach Project Area was \$19,925,107 for Tax Year 2003-04 as shown in the North Long Beach Project Area Historical Tax Increment table below.

Actual levels of future North Long Beach Tax Increment Revenues will depend upon variables such as the rate of growth in tax increment resulting from new development, change of ownership and inflation, and changes in tax rates, the resolution of assessment appeals and delinquencies in payments of taxes due. See "—Assessment Appeals" and "—Collections Within the North Long Beach Project Area" above.

Several owners of property in the North Long Beach Project Area have filed assessment appeals with respect to real and personal property and possessory interests. Each appeal could result in a

reduction of the taxable value of the of the property which is the subject of the appeal. A reduction in such taxable value would result in a reduction of the revenues of the Agency available for North Long Beach Tax Increment Revenues. Alternatively, an appeal may be withdrawn by the applicant or the Appeals Board may deny or modify the appeal at a hearing or by stipulation. See “—Assessment Appeals” above.

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The following table shows the historical tax increment for Tax Years 1999-00 through 2003-04 for the North Long Beach Project Area.

TABLE A-16
North Long Beach Project Area
Historical Tax Increment
Tax Years 1999-00 through 2003-04

	1999-00	2000-01	2001-02	2002-03	2003-04
Reported Assessed Value ¹					
Secured	\$3,244,141,743	\$3,353,690,039	\$3,490,731,480	\$3,615,116,290	\$4,412,362,993
State Assessed	619,612	769,662	1,074,187	1,047,701	854,354
Unsecured	<u>491,824,748</u>	<u>530,025,997</u>	<u>577,061,312</u>	<u>611,974,347</u>	<u>709,668,032</u>
Total Project Value	3,736,586,103	3,884,485,698	4,068,866,979	4,228,138,338	5,122,885,379
Less Base Value ¹	<u>(3,104,508,715)</u>	<u>(3,104,508,715)</u>	<u>(3,104,508,715)</u>	<u>(3,104,508,715)</u>	<u>(3,104,508,715)</u>
Increment Value	<u>632,077,388</u>	<u>779,976,983</u>	<u>964,358,264</u>	<u>1,123,629,623</u>	<u>2,018,376,664</u>
Average Tax Rate	1.0121252%	1.0116824%	1.0104721%	1.0085709%	1.0075408%
Gross Tax Increment	\$ 6,397,414	\$ 7,890,890	\$ 9,744,571	\$ 11,332,602	\$ 20,335,969
Unitary Tax Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Computed Levy	<u>\$ 6,397,414</u>	<u>\$ 7,890,890</u>	<u>\$ 9,744,571</u>	<u>\$ 11,332,602</u>	<u>\$ 20,335,969</u>
Total Allocation ²					
Secured Tax Increment	\$ 5,409,374	\$ 6,024,142	\$ 7,803,599	\$ 8,999,654	\$ 16,915,195
Unsecured Tax Increment	1,378,491	1,613,137	1,754,126	2,047,793	3,009,912
Unitary Tax Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Annual Tax Increment	<u>\$ 6,787,865</u>	<u>\$ 7,637,279</u>	<u>\$ 9,557,724</u>	<u>\$ 11,047,447</u>	<u>\$ 19,925,107</u>
Percent Collected (Annual Tax Increment)	106.10%	96.79%	98.08%	97.48%	97.98%
Total Allocation ³	\$ 7,052,624	\$ 7,826,674	\$ 10,253,284	\$ 13,286,238	\$ 26,092,608
Percent Collected (Total Allocation)	110.24%	99.19%	105.22%	117.24%	128.31%

¹ Amounts shown are as reported by the Los Angeles County Auditor-Controller in August of each Tax Year.

² Source: Los Angeles 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 Tax Year, as reported by the County Auditor-Controller. Amounts include supplemental taxes, prior year redemptions payments, tax refunds, roll corrections and administrative charges.

The following table shows the debt service schedule and calculation of projected debt service coverage for the Series 2002 North Long Beach Bonds and the Series 2005 North Long Beach Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005C BONDS—Security for the Agency Bonds."

TABLE A-17
North Long Beach Project Area
Debt Service and Coverage Projections
Series 2002 North Long Beach Bonds
Series 2005 North Long Beach Bonds

Fiscal Year Ending (September 30)	Projected North Long Beach Tax Increment Revenues Available for Debt Service ¹	Total Series 2002 North Long Beach Bonds Debt Service ²	Total Series 2005 North Long Beach Bonds Debt Service ³	Projected Coverage on Series 2002 North Long Beach Bonds and Series 2005 North Long Beach Bonds ⁵
2005	\$13,784,000	\$3,010,614	\$1,314,333	3.19x
2006	14,871,000	3,014,679	4,299,028	2.03x
2007	15,440,000	3,015,241	4,299,101	2.11x
2008	15,857,000	3,011,360	4,303,114	2.17x
2009	16,282,000	3,015,160	4,298,048	2.23x
2010	16,716,000	3,015,030	4,299,521	2.29x
2011	17,159,000	3,011,030	4,299,252	2.35x
2012	17,610,000	3,014,221	4,298,529	2.41x
2013	18,070,000		4,443,682	
2014	18,540,000		4,441,610	
2015	19,019,000		4,440,773	
2016	19,507,000		4,440,836	
2017	20,006,000		4,442,156	
2018	20,514,000		4,441,056	
2019	21,032,000		4,745,051	
2020	21,561,000		4,748,782	
2021	22,100,000		4,293,721	
2022	22,650,000		4,296,037	
2023	23,212,000		4,292,935	
2024	23,784,000		4,292,935	
2025	24,368,000		4,154,500	
2026	24,963,000		4,153,000	
2027	25,571,000		4,150,500	
2028	26,028,000		4,151,750	
2029	26,494,000		4,151,250	
2030	26,970,000		4,153,750	
2031	27,455,000		4,153,750	
2032	27,949,000	-0-	4,151,000	6.73x
2033	28,454,000	-0-	4,150,250	6.86x
2034	28,969,000	-0-	4,151,000	6.98x
2035	29,494,000	-0-	4,152,750	7.10x

¹ See "APPENDIX B—FISCAL CONSULTANT'S REPORT" for assumptions on calculation of Projected North Long Beach Tax Increment Revenues Available for Debt Service.

² Includes debt service due on the Series 2002 North Long Beach Bonds plus projected Surplus Payments to be made with respect to Series 2002 North Long Beach Bonds. Prior to August 1, 2012 the Series 2002 North Long Beach Bonds will bear interest at a rate of 6.105% and on and after August 1, 2012 the Series 2002 North Long Beach Bonds will bear interest at a rate of []%. See "APPENDIX []—SURPLUS PAYMENTS."

³ Includes debt service due on \$64,080,000 aggregate principal amount of Series 2005 North Long Beach Bonds plus projected surplus payments to be made with respect to the Series 2005 North Long Beach Bonds.

⁴ Equals Projected North Long Beach Tax Increment Revenues Available for Debt Service divided by the sum of Total Series 2002 North Long Beach Bonds Debt Service and Total Series 2005 North Long Beach Bonds Debt Service.

Source: Keyser Marston Associates, Inc. and Gardner, Underwood & Bacon LLC

APPENDIX B
FISCAL CONSULTANT'S REPORT

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APPENDIX C

**AUDITED FINANCIAL REPORT OF THE REDEVELOPMENT
AGENCY OF THE CITY OF LONG BEACH FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2004**

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APPENDIX D

CERTAIN INFORMATION CONCERNING THE CITY OF LONG BEACH

THE FOLLOWING INFORMATION IS SUPPLIED FOR INFORMATIONAL PURPOSES ONLY. THE SERIES 2005C BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED IN THE INDENTURE. THE SERIES 2005C BONDS ARE NOT A DEBT OF THE AGENCY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), AND NEITHER THE AGENCY, THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON (OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE). IN NO EVENT SHALL THE SERIES 2005C BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE.

General

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 the County. With a current population of approximately 487,100, 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.

The police department consists of approximately 1,460 uniformed officers and supporting personnel. The fire department operates 23 fire stations with approximately 540 firefighters, officers and employees. The City's fire department currently maintains a Class One insurance rating.

The City's Enterprise Funds (water, sewer, gas, airport, harbor solid waste management and towing) represent assets of more than \$2.344 billion. In Fiscal Year 2003, these municipal enterprises generated operating revenues equal to approximately \$628 million.

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, 2004, was estimated to be 487,100 persons. This figure represents 4.8% of the corresponding County figure and 1.3% 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 2001-2004 are as of January 1, while the census amounts for 1970, 1980, 1990 and 2000 are as of April 1.

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

Year	City of Long Beach	County of Los Angeles	State of California
2004	487,100	10,103,000	36,144,000
2003	480,400	9,966,200	35,612,000
2002	473,100	9,822,600	35,049,000
2001	467,300	9,661,800	34,431,000
2000	461,522	9,519,330	33,871,648
1999	451,500	9,330,100	33,140,000
1998	445,100	9,225,800	32,657,000
1990	429,321	8,863,052	29,758,213
1980	361,500	7,477,657	22,911,000
1970	358,879	7,036,980	19,971,022

Source: California State Department of Finance

Personal Income

The following chart sets forth the yearly total effective buying income and the median household effective buying income for the City, the County and the State of California for the periods of 2000 through 2004:

TABLE D-2
City of Long Beach,
County of Los Angeles and State of California
Personal Income 2000-2004

Year ¹	Area	Total Effective Buying Income (in Thousands)	Median Household Effective Buying Income
2004	City of Long Beach	\$ 7,436,738	\$33,759
	Los Angeles County	169,307,295	38,311
	State of California	674,721,020	42,924
2003	City of Long Beach	7,195,690	33,743
	Los Angeles County	162,413,790	37,983
	State of California	647,879,427	42,484
2002	City of Long Beach	8,148,871	40,086
	Los Angeles County	170,440,432	40,789
	State of California	650,521,407	43,532
2001	City of Long Beach	8,001,208	37,641
	Los Angeles County	169,417,226	41,628
	State of California	652,190,282	44,464
2000	City of Long Beach	7,091,246	33,357
	Los Angeles County	157,009,411	36,730
	State of California	590,376,663	39,492

¹ The information reported by Sales & Marketing Management Magazine, "Survey of Buying Power," for each year is based on statistics compiled during the previous year.

Source: Sales & Marketing; Survey of Buyer Power and Media Markets; 2000-2004

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Employment

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

TABLE D-3
Los Angeles-Long Beach Labor Market
Wage and Salary Employment by Industry
January – March 2003

Industry	Employment	Percent of Total
Services	65,206	43.89%
Government	21,467	14.45
Manufacturing	21,046	14.16
Retail Trade	13,964	9.40
Finance, Insurance, Real Estate	8,344	5.62
Transportation, Warehousing, Utilities	7,688	5.17
Construction and Mining	6,240	4.20
Wholesale Trade	4,565	3.07
Agriculture, Forestry, Fishing, Hunting	62	0.04
Total	<u>148,583</u>	<u>100.00%</u>

Source: State of California Employment Development Department

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.

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The following table sets forth labor force and non-farm employment by industry since 1999 in the City, the State and the United States:

TABLE D-4
Long Beach Labor Market
Labor Force, Employment and Unemployment Annual Average

Year	Area	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
2003	Long Beach	223,370	208,740	14,630	6.6%
	California	17,460,000	16,282,700	1,177,300	6.7
	United States	146,510,000	137,736,000	8,774,000	6.0
2002	Long Beach	219,090	205,290	13,800	6.3
	California	17,375,800	16,214,900	1,160,900	6.7
	United States	144,863,000	136,485,000	8,378,000	5.8
2001	Long Beach	218,410	206,940	11,470	5.3
	California	17,171,600	16,249,100	922,500	5.4
	United States	143,734,000	136,933,000	6,801,000	4.7
2000	Long Beach	216,990	206,200	10,790	5.0
	California	16,892,000	16,056,500	835,500	4.9
	United States	142,583,000	136,891,000	5,692,000	4.0
1999	Long Beach	212,820	201,230	11,590	5.4
	California	16,375,600	15,522,300	853,300	5.2
	United States	139,368,000	133,488,000	5,880,000	4.2

Source: State of California Employment Development Department

Major Employers

The largest employer in the City is the Long Beach Unified School District; it employs approximately 11,096 people. The Long Beach Unified School District has 88 schools and serves approximately 97,200 students. The second largest employer in the City is Boeing N.A. (formerly McDonnell Douglas Corporation), with facilities at the Long Beach Airport employing approximately 10,500 persons. Boeing currently produces the Boeing 717 commercial jetliner at their Long Beach facility. However, Boeing recently announced that it will phase-out production of the Boeing 717 by the end of 2006.

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 D-5
City of Long Beach
Major Employers As of September 30, 2003

Employer	Number of Employees
1. Long Beach Unified School District	11,096
2. Boeing	10,500
3. City of Long Beach	6,542
4. California State University (CSU), Long Beach	5,609
5. Long Beach Memorial Medical Center	4,400
6. Veterans Affairs Medical Center	3,000
7. Long Beach City College	2,000
8. St. Mary's Medical Center	1,900
9. U.S. Postal Service	1,900
10. CSU Long Beach Foundation	1,600
11. Verizon	1,025
12. Pacific Hospital of Long Beach	868
13. Gulfstream Aerospace Corporation	823
14. The Bragg Corporation	800
15. Long Beach Transit	720

Source: City of Long Beach Comprehensive Annual Financial Report

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 N.A., manufacturer of Boeing 717 commercial jetliners, 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.

Other major manufacturers in the City include the following: Delco Machine and Gear, a manufacturer of aircraft quality gears and hydraulic actuating systems; EG&G Astrophysics, a manufacturer of x-ray equipment, Denso Sales California, a manufacturer of auto parts and accessories; SNUGTOP, a fiberglass auto-products manufacturer; AASI, a corporate jet manufacturer; Certified Alloy Products; Medway Plastics; and TABC, Inc., a subsidiary of Toyota Motor Sales, U.S.A.

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, with an additional 250,000 square feet planned in the near future. Kilroy Realty is currently marketing Phase IV of the Kilroy Airport Center, which is expected to contain 230,000 square feet of office space within several 3 and 4-story buildings.

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, the Queen Mary Hotel and the West Coast Long Beach Hotel. Plans for several all-suites and/or "conference" hotels in the downtown/ocean are also being constructed or formulated. D'Orsay International Partners LLC is currently constructing an 11-story – 228 room Embassy Suites Hotel on the Promenade in downtown Long Beach. The hotel is expected to be completed in the summer of 2005.

Taxable sales transactions in the City increased 4.8% between 2002 and 2003. During the period 1999 through 2003, taxable transactions increased 30.1%. The following table illustrates the City's annual volume of taxable transactions from 1999 through 2003:

TABLE D-6
City of Long Beach
Taxable 1999-2003 Transactions
(\$000's)

Type of Business	2003	2002	2001	2000	1999
Apparel Stores	\$ 105,942	\$ 103,142	\$ 98,924	\$ 94,923	\$ 83,074
General Merchandise Stores	387,954	317,025	281,139	285,654	252,223
Food Stores	194,872	192,907	186,083	191,014	181,700
Eating/Drinking Places	520,374	489,759	466,732	450,710	402,609
Home Furnishings and Appliance Stores	93,983	92,281	88,875	94,034	85,995
Building Materials and Farm Implements	516,578	500,446	400,575	495,966	191,588
Auto Dealers/Auto Supplies	314,220	328,824	345,656	332,679	293,008
Service Stations	336,850	268,523	278,348	306,657	225,915
Other Retail Stores	<u>436,990</u>	<u>443,404</u>	<u>427,138</u>	<u>410,973</u>	<u>358,488</u>
Retail Stores Totals	2,907,763	2,736,311	2,573,470	2,662,610	2,074,600
All Other Outlets	<u>739,611</u>	<u>852,224</u>	<u>837,139</u>	<u>770,161</u>	<u>748,956</u>
Total All Outlets	<u>\$3,647,374</u>	<u>\$3,588,535</u>	<u>\$3,410,609</u>	<u>\$3,432,771</u>	<u>\$2,823,556</u>

Source: State Board of Equalization

Construction

The City issued building permits, valued at approximately \$419 million during Fiscal Year 2003. Of this total approximately 54% consisted of residential construction and approximately 46% consisted of non-residential construction. The City's annual permit values since Fiscal Year 1999 are set forth below:

TABLE D-7
City of Long Beach
Building Permit Valuations

Type of Permit	2003	2002	2001	2000	1999
Residential					
New Single Dwelling	\$ 11,032,511	\$ 35,396,824	\$ 27,661,559	\$ 23,896,703	\$ 20,073,990
New Multi Dwelling	109,533,689	43,115,646	86,310,691	860,004	623,008
Additions/Alterations	<u>104,586,708</u>	<u>85,067,499</u>	<u>60,510,740</u>	<u>47,435,660</u>	<u>43,604,605</u>
Total Residential	<u>\$225,152,908</u>	<u>\$163,579,968</u>	<u>\$174,482,990</u>	<u>\$ 72,192,367</u>	<u>\$ 64,301,603</u>
Non-Residential					
New Commercial	\$ 57,229,274	\$ 77,910,384	\$ 57,391,000	\$ 17,425,000	\$ 48,231,502
New Industrial	5,000,355	10,326,461	12,486,000	16,528,000	6,627,175
Other	31,086,592	42,046,740	26,919,855	26,362,989	35,526,388
Additions/Alterations	<u>100,248,915</u>	<u>57,591,861</u>	<u>67,758,512</u>	<u>59,433,201</u>	<u>44,535,328</u>
Total Non-Residential	<u>\$193,565,136</u>	<u>\$187,875,446</u>	<u>\$164,555,367</u>	<u>\$119,749,190</u>	<u>\$134,920,393</u>
Total Valuation	<u>\$418,718,044</u>	<u>\$351,455,414</u>	<u>\$339,038,357</u>	<u>\$191,941,557</u>	<u>\$199,221,996</u>

Source: City of Long Beach Department of Planning and Building

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. The City is also home to Pike at Rainbow Harbor, a premier waterfront attraction in Southern California 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.

Hotel/motel occupancy tax receipts (currently computed at 12%) were approximately \$13.1 million in Fiscal Year 2003, as compared with \$12.4 in Fiscal Year 2002, \$13.3 million in Fiscal Year 2001, \$12.8 million in Fiscal Year 2000 and \$11.5 million in Fiscal Year 1999. Moreover, the transient occupancy tax revenues have increased 25.4% since Fiscal Year 1998. The following table sets forth convention and delegate attendance since 1993:

TABLE D-8
City of Long Beach
Convention and Delegate Attendance

Calendar Year	Number of Conventions	Number of Delegates
2003	187	470,283
2002	125	405,870
2001	97	422,177
2000	127	633,000
1999	119	450,770
1998	124	442,097
1997	115	520,547
1996	110	407,256
1995	122	488,525
1994	107	260,151
1993	87	303,920

Source: Long Beach Convention and Visitors Council

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 recently began operation 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.

Shoreline Village

Shoreline Village, which has proven to be an integral part of Long Beach visitor offerings, continues an aggressive marketing effort. With the addition of the Yardhouse and the Village Hat Shop, Shoreline is working to provide quality retail, dining and recreation as entertainment experiences for visitors, particularly those who stay at the downtown hotels.

Downtown Long Beach

The Pine Avenue corridor has enjoyed success since the 1995 addition of such retailers as Bath and Body Works, Limited Express, Starbucks and an assortment of restaurants. Additionally, Z Gallerie opened an expanded version of their popular home furnishings store. The first stores in the newly rebuilt City Place development opened in August 2002 and now include a Nordstrom's Rack, along with several other apparel stores and several eateries. Hoteliers report that the area gives their guests a refreshing option for dining and entertainment alternatives. Pine Avenue's concentration of dining establishments confirms restaurants as the principal element of the area.

Long Beach Towne Center

In November 1998, the development of the Long Beach Towne Center was completed. It is an approximately 850,000 square foot community retail shopping center located on approximately 81 acres within the City at the southwest corner of Carson Street and the I-605 Freeway. The current operator of the Long Beach Towne Center is CREA/PPC Long Beach Towne Center PO, LLC, a Phoenix, Arizona corporation.

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 is substantially complete and includes the Aquarium of the Pacific, Shoreline Park, Rainbow Harbor and the retail portion of the Pike Project. The condominium housing portion of the Pike has, also, recently been completed.

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 oceanliner. 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. The Aquarium had 1,154,000 visitors in Fiscal Year 2003.

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 railyards. 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.

Containerized cargo represents the largest source of revenue for the Port. Throughput was approximately 5.8 million twenty-foot equivalent units for the calendar year ended December 31, 2004. 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. During 2005, jetBlue is expected to assume two additional flight slots, which became available October 2004, bringing their total to 24.

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. These tenant companies employ more than 18,000 workers.

The following table sets forth operations at the Long Beach Airport during the period 1994 through 2003.

**TABLE D-9
Long Beach Airport Traffic**

Fiscal Year	Passengers	Cargo (lbs.)
2003	2,757,251	115,303,000
2002	1,018,994	112,335,000
2001 ¹	558,118	114,276,000
2000 ¹	659,455	99,944,000
1999	912,475	89,552,000
1998	612,282	77,315,000
1997	542,312	66,036,000
1996 ²	580,329	73,765,000
1995	419,891	53,560,000
1994	559,916	57,801,000

¹ Commercial passenger count decreased due to cessation of service by Winair Airlines.

² 1996 figures are for the 15-month period from July 1, 1995 through September 30, 1996. Previous years' figures are for the 12-month period between July 1 and ending June 30.

Source: City of Long Beach-Comprehensive Annual Financial Report

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.

In November 2000, the voters of the City approved Measure J to reduce the City's utility users tax rate by one percentage point per year, from 10% to 5%, during a five-year period. The current utility users tax rate is 5% for all utilities.

Education

The City is served by the Long Beach Unified School District, which provides primary and secondary educational instruction for approximately 97,500 students through the operation of 61 elementary schools, 18 junior high schools, 13 high schools, including one continuation high school and one adult school. Included in such numbers are four 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 29,000. 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 the largest attendance in the California State University system with a current enrollment of approximately 34,000. The University's distinguished educational program offers 68 undergraduate and 54 graduate degree programs (including 1 joint doctoral degree program). Enrollment in the educational system serving the City and its residents for the past 10 years is set forth below:

**TABLE D-10
City of Long Beach
Educational Enrollment**

Year	Long Beach Unified School District	Long Beach City College	California State University (Long Beach)
2003	97,370	32,411	33,745
2002	96,488	29,444	32,693
2001	94,423	27,937	30,125
2000	94,527	26,930	29,237
1999	91,465	25,776	27,861

Source: Data furnished by each institution, respectively

The City also serves as the permanent headquarters for the 21-campus California State University and College System. The California University and College System's headquarters are located on a 6.4-acre site in the western portion of the City on land donated by the City. A new headquarters building, designed to replace the existing headquarters building, was completed in April 1999. The new facility replaced the existing Chancellor's Office of The California State University and provided additional office space for several California State University departments currently located in other areas.

Long Beach has become a center for companies and institutions engaged in the exploration of the ocean and the development of its resources. In 1982, the Trustees of the California State University and College System officially designated the Long Beach shoreline as the site for the creation of an Ocean Studies Center, an ocean science and technology education and research center to be operated by a consortium of six California State colleges in Los Angeles and Orange Counties.

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 26 community centers, 56 sports fields for soccer, softball, baseball and flag football, over 52 park playgrounds, 69 tennis courts including two tennis centers, three swimming pools, including the Belmont Plaza Olympic-size facility, and five golf courses in the busiest municipal golf system in the nation. 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 103 parks totaling 2,814 acres, devoted to open space and recreation, and six miles of beaches. Additionally, the Department operates three marinas with a combined 3,800 boat slips, making it the largest municipally operated marina system in the nation.

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. In addition, approximately 12,000 youth participate in non-Department sports leagues that utilize park facilities.

Adult recreation opportunities include sports leagues, tennis and golf facilities and instruction, and more than 2,100 recreational and self-improvement classes annually. Recreation programs and social services for seniors are offered at six community centers. A regional Senior Olympics program is also offered. 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. In addition, the Long Beach Community Playhouse is well-known for the excellence of its productions and is in its 72nd season.

Insurance Coverage

The City is self-insured for general, automobile and professional liability exposures. The City also self-insures for worker's compensation. As of September 30, 2003, reserves in excess of \$102,945,000 had been established to cover anticipated claims and judgments. Additionally, the City has in place all-risk property insurance in the amount of \$750 million and a Public Employee Dishonesty, including Faithful Performance policy, with limits of \$5,000,000 which covers all employees, officers and elected officials.

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APPENDIX E
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. None of the Authority, the Agency or the Underwriters make any representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2005C Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NONE OF THE AUTHORITY, THE AGENCY OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2005C BONDS UNDER THE INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2005C BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2005C BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2005C BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Series 2005C Bonds. The Series 2005C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2005C Bond certificate will be issued for each maturity of the Series 2005C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC 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, as amended. 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, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (“NSCC,” “FICC,” 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 Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. Neither the Authority nor the Agency undertake any responsibility for and make no representations as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Series 2005C Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Series 2005C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2005C Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2005C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2005C Bonds, except in the event that use of the book-entry system for the Series 2005C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2005C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2005C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2005C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2005C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

While the Series 2005C Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2005C Bonds 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 prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2005C Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 the Series 2005C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2005C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on

DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Trustee, the Authority or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2005C Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2005C Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2005C Bonds will be printed and delivered to the registered holders of the Series 2005C Bonds.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Agency believe to be reliable, but none of the Authority, the Agency or the Underwriters take any responsibility for the accuracy thereof.

APPENDIX G
FORM OF BOND COUNSEL'S OPINION

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APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is hereby entered into, executed and delivered by the Long Beach Bond Finance Authority (the "Authority"), the Redevelopment Agency of the City of Long Beach (the "Agency") and the City of Long Beach (the "City"), as dissemination agent, in connection with the issuance of the Long Beach Bond Finance Authority Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas), 2005 Series C (the "Series 2005C Bonds"). The Series 2005C Bonds will be issued pursuant to an Indenture of Trust, dated as of [August] 1, 2005 (the "Indenture"), by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

In consideration of the purchase of the Series 2005C Bonds by the Participating Underwriter (as defined below), the Authority and the Agency hereby covenant and agree as follows:

Section 1. Purpose of the Agreement. This Agreement is being executed and delivered by the Authority, the Agency and the City, as dissemination agent, for the benefit of the Holders and Beneficial Owners of the Series 2005C Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

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

"Annual Report" means any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Agreement.

"Beneficial Owner" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Series 2005C Bonds (including persons holding Series 2005C Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2005C Bonds for federal income tax purposes.

"Bond Insurer" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance corporation or any successor thereto, located at One State Street Plaza, New York, New York 10004, Attn: Surveillance Department.

"Dissemination Agent" means the City of Long Beach, or any successor Dissemination Agent designated in writing by the Authority and the Agency and which has filed with the Authority and the Agency a written acceptance of such designation.

"Holders" means either the registered owners of the Series 2005C Bonds, or if the bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

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

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories approved by the Securities and Exchange Commission can be found at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" means the Official Statement, dated _____, 2005, prepared and distributed in connection with the initial sale of the Series 2005C Bonds.

"Participating Underwriter" means any of the original underwriters of the Series 2005C Bonds required to comply with the Rule in connection with the offering of the Series 2005C Bonds.

"Repository" means each National Repository and each State Repository.

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

"State" means the State of California.

"State Repository" means any public or private repository or entity designated by the State 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 Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall provide, or shall cause the Dissemination Agent to provide, to each Repository and the Bond Insurer an Annual Report which is consistent with the requirements of Section 4 of this Agreement by not later than 180 days after the end of the Agency's fiscal year. The Agency's first Annual Report shall be due March 29, 2006. Not later than 15 Business Days prior to said date, the Agency shall provide the Annual Report 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 Agreement. The audited financial statements of the Agency may be submitted separately from the balance of the Annual Report if they are not available by the date of submission. If the Agency's fiscal year changes, the Agency, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories and the Bond Insurer, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with subsection (a).

(c) If the Agency is unable to provide to the Repositories and the Bond Insurer or the Dissemination Agent, an Annual Report by the date required in subsection (a), the Dissemination Agent, on behalf of the Agency, shall send a notice to the Municipal Securities Rulemaking Board (the "MSRB") and to each Repository and the Bond Insurer in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

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

(ii) confirm in writing to the Agency that the Annual Report has been filed as required hereunder, stating the date filed and listing the Repositories and the Bond Insurer to which the Annual Report was filed.

Section 4. Content of Annual Reports.

(a) The Agency's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Series 2005C Bonds, unless otherwise noted):

(i) Audited financial statements of the Agency, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(ii) Table A-4—Downtown Project Area, Ten Largest Assesseees;

(iii) Table A-5—Downtown Project Area, Collections of Tax Increment Revenues;

[(iv) Table A-7—Downtown Project Area, Downtown Other Revenues];

(v) Table A-8—Downtown Project Area, Historical Tax Increment;

(vi) Table A-9—Downtown Project Area, Debt Service and Coverage Projections, only with regards to historical information

(vii) Table A-13—North Long Beach Project Area, Ten Largest Assesseees;

(viii) Table A-14—North Long Beach Project Area, Collections of Tax Increment Revenues;

(ix) Table A-16—North Long Beach Project Area, Historical Tax Increment; and

(x) Table A-17—North Long Beach Project Area, Debt Service and Coverage Projections, only with regards to historical information.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with (i) each Repository and, if the document is an official statement, the MSRB or (ii) the Securities and Exchange Commission.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such

fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following Listed Events, if material:

- (i) principal, Accreted Value and interest payment delinquencies;
 - (ii) nonpayment related defaults;
 - (iii) modifications to rights of bondholders;
 - (iv) optional, contingent or unscheduled bond calls (and in connection therewith any corresponding change to "APPENDIX J—SURPLUS PAYMENTS" appearing in the Official Statement relating to the Series 2005C Bonds);
 - (v) defeasances;
 - (vi) rating changes;
 - (vii) adverse tax opinions or events affecting the tax exempt status of the Series 2005C Bonds;
 - (viii) unscheduled draws on the debt service reserves reflecting financial difficulties;
 - (ix) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (x) substitution of the credit or liquidity providers or their failure to perform;
- and
- (xi) release, substitution or sale of property securing repayment of the Series 2005C Bonds.

(b) Whenever a Listed Event occurs with respect to the Series 2005C Bonds, the Authority shall as soon as possible, but in no event more than ten (10) days following such event, determine if such event would be material under applicable federal securities laws.

(c) If the Authority determines that a Listed Event would be material under applicable federal securities laws, the Authority shall promptly provide written notice of such

occurrence to the Dissemination Agent or to the Municipal Securities Rulemaking Board, the Repositories and the Bond Insurer. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(iv) and (v) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2005C Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Authority's and the Agency's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Series 2005C Bonds, or upon delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Series 2005C Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. From time to time, the Authority and the Agency may appoint or engage a Dissemination Agent to assist them in carrying out their obligations under this Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority or the Agency pursuant to this Agreement. The City shall be the initial Dissemination Agent.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Agreement, the Authority and the Agency may amend this Agreement, and any provision of this Agreement may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Series 2005C Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2005C Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2005C Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2005C Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Authority and/or the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made

should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Authority or the Agency from disseminating any other information, using the means of dissemination set forth in this 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 Agreement. If the Authority or the Agency 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 Agreement, the Authority and/or the Agency, as applicable, shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority or the Agency to comply with any provision of this Agreement, any Holder or Beneficial Owner of the Series 2005C Bonds or the Bond Insurer may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Authority or the Agency or the Dissemination Agent to comply with this 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 expressly and specifically set forth in this Agreement, and the Authority and the Agency agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Indenture. The obligations of the Authority and the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2005C Bonds.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Agency, the Authority, the Dissemination Agent, the Participating Underwriter, the Holders, the Beneficial Owners from time to time of the Series 2005C Bonds, and the Bond Insurer and shall create no rights in any other person or entity.

Section 13. Filing With Central Post Office. Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Date: [_____], 2005

LONG BEACH BOND FINANCE AUTHORITY

By _____
Name _____
Title _____

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

By _____
Name _____
Title _____

CITY OF LONG BEACH, as Dissemination Agent

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
AND THE REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Long Beach Bond Finance Authority
Name of Obligated Party: Redevelopment Agency of the City of Long Beach
Name of Bond Issue: Long Beach Bond Finance Authority Tax Allocation Revenue Bonds
(Downtown and North Long Beach Redevelopment Project Areas), 2005
Series C
Date of Issuance: [____], 2005
CUSIP: 54240T__

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of Long Beach (the "Agency") has not provided an Annual Report with respect to the above named Series 2005C Bonds as required by Section 3 of the Continuing Disclosure Agreement dated [____], 2005 executed by the Long Beach Bond Finance Authority and the Agency for the benefit of the holders and beneficial owners of the above referenced Series 2005C Bonds. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF LONG BEACH, as Dissemination Agent

By _____
Authorized Representative

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APPENDIX I

SPECIMEN FORM OF FINANCIAL GUARANTY INSURANCE POLICY

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APPENDIX J

SURPLUS PAYMENTS

Listed below are Surplus Payments due as of each [August 1/Interest Payment Date] with respect to the Purchased Series 2002 North Long Beach Bonds.

Interest Payment Date	Purchased Series 2002 North Long Beach Bonds
August 1, 2013	
August 1, 2014	
August 1, 2015	
August 1, 2016	
August 1, 2017	
August 1, 2018	
August 1, 2019	
August 1, 2020	
August 1, 2021	
August 1, 2022	
August 1, 2023	
August 1, 2024	
August 1, 2025	
August 1, 2026	
August 1, 2027	
August 1, 2028	
August 1, 2029	
August 1, 2030	
August 1, 2031	

Source: Gardner, Underwood & Bacon LLC

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH MAKING FINDINGS WITH
RESPECT TO AND APPROVING THE ISSUANCE OF
BONDS BY THE LONG BEACH BOND FINANCE
AUTHORITY

WHEREAS, the City of Long Beach (the "City") and the Redevelopment Agency of the City of Long Beach (the "Agency") have heretofore entered into a Joint Exercise of Powers Agreement (the "JPA Agreement") establishing the Long Beach Bond Finance Authority (the "Authority") for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City, and the City and the Agency have approved an Amendment No. 1 to the JPA Agreement to authorize the Authority to issue its bonds to provide financial assistance to the Agency; and

WHEREAS, the Agency has issued its \$26,820,000 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) (the "2002 Downtown Bonds") and its \$40,290,000 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project) (the "2002 North Bonds" and, together with the 2002 Downtown Bonds, the "Prior Agency Bonds"), in order to assist the redevelopment of its Downtown and North Long Beach Redevelopment Projects; and

WHEREAS, the Prior Agency Bonds were sold to the Authority, and are currently pledged, pursuant to an Indenture of Trust, dated as of May 1, 2002 (the "2002 Authority Indenture") between the Authority and The Bank of New York Trust Company, N.A., as successor trustee (the "2002 Authority Trustee"), as security for the repayment 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

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1 WHEREAS, the Agency has determined that due to prevailing financial
2 market conditions it is in the best interests of the Agency to realize interest rate savings
3 by allowing the Authority to sell a portion of the Prior Agency Bonds, and in connection
4 with such sale amending the terms of the Indentures of Trust (collectively, the "2002
5 Agency Indentures") for the Prior Agency Bonds to allow the Authority to provide
6 additional financing for the Downtown Redevelopment Project and to allow the interest
7 rates on the 2002 North Bonds to be reduced; and

8 WHEREAS, for the purpose of raising funds necessary to provide for the
9 purchase of a portion of the Prior Agency Bonds, the Authority proposes to authorize
10 the issuance of its revenue bonds (the "Bonds") under the provisions of Article 4
11 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government
12 Code of the State of California (the "Act"), to be designated as the Long Beach Bond
13 Finance Authority Tax Allocation Revenue Bonds (Downtown and North Long Beach
14 Redevelopment Project Areas), 2005 Series C; and

15 WHEREAS, a portion of the proceeds of the Bonds will be used to finance
16 various public improvements for the Agency's Downtown Redevelopment Project (the
17 "Improvements"); and

18 WHEREAS, the Prior Agency Bonds are proposed to be sold to and
19 purchased by the Authority pursuant to the terms of an Agency Bonds Assignment and
20 Purchase Agreement, to be entered into by the Agency, the Authority, the 2002
21 Authority Trustee, the trustee for the Bonds and the trustee for the Prior Agency Bonds
22 (the "Agency Bonds Purchase Agreement"); and

23 WHEREAS, the City Council has on this date held a duly noticed public
24 hearing on the financing of the Improvements with the proceeds of the Bonds, as
25 required by Section 6586.5(a) of the Act; and

26 WHEREAS, the City Council now desires to make a finding of significant
27 public benefit, pursuant to Section 6586.5(a)(2) of the Act, and to approve of the
28 financing of the Improvements and the transactions contemplated by the Bonds and the

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1 Agency Bonds Agreement;

2 NOW, THEREFORE, the City Council of the City of Long Beach resolves
3 as follows:

4 Section 1. Findings and Determinations. The City Council hereby finds
5 that significant public benefits will arise from the financing of the Improvements with the
6 proceeds of the Bonds, in accordance with Section 6586 of the Act, in that the financing
7 will result in demonstrable savings in effective interest rates, bond preparation, bond
8 underwriting and bond issuance costs.

9 Sec. 2. Approval of Financing. The City Council hereby approves
10 the financing of the Improvements with the proceeds of the Bonds, the issuance of the
11 Bonds by the Authority, the sale and purchase of the Prior Agency Bonds under the
12 Agency Bonds Agreement and the application of proceeds of the Bonds to refund a
13 portion of the 2002 Authority Bonds.

14 Sec. 3. This resolution shall take effect immediately upon its
15 adoption by the City Council, and the City Clerk shall certify the vote adopting this
16 resolution.

17 I hereby certify that the foregoing resolution was adopted by the City
18 Council of the City of Long Beach at its meeting of _____, 2005, by
19 the following vote:

20 Ayes: Councilmembers: _____
21 _____
22 _____

23
24 Noes: Councilmembers: _____
25 _____

26 Absent: Councilmembers: _____
27 _____
28 _____