



# Building A Better Long Beach

March 21, 2011

## REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach

California

### RECOMMENDATION:

Adopt a Resolution of the Redevelopment Agency authorizing the issuance of tax allocation revenue bonds and the sale of the bonds to the Long Beach Bond Finance Authority in an amount not to exceed \$198,000,000; approve documents; and authorize other related actions. (North, Central, Los Altos, Poly High and West Beach – Citywide)

### DISCUSSION

On January 20, 2011, the Redevelopment Agency (Agency) Board approved an Amended and Restated Agreement for Services with the City of Long Beach, including an Agency Work Plan for Fiscal Years 2011-2021 that outlines projects to be undertaken as part of the Agency's revitalization efforts. The Governor's proposed Fiscal Year 2011-2012 (FY12) state budget would severely curtail unobligated future tax increment revenues and thus the Agency's ability to carry out this Work Plan. In order to maintain flexibility during these uncertain times, staff recommends that the Agency authorize the issuance of bonds for the North Long Beach and Central Long Beach Redevelopment Project Areas, as well as the Housing Development Fund. Many of the identified projects will accelerate the economic recovery of the City of Long Beach (City); construct, rehabilitate or replace publicly owned capital improvements; provide affordable housing; and ensure the creation of locally-based, quality jobs.

The Agency Board is not being asked at this time to approve the projects that will be funded with the bond proceeds. The Agency's Fiscal Year 2011 (FY11) budget has been approved and does not contain the appropriations to spend the proceeds of the proposed bond issue. The Agency and City Council will be asked to approve amendments to the Agency's FY11 budget as specific projects are identified and brought to the Agency and in some cases the City Council for approval. As projects are brought forward, the City's legal advisors will be consulted to ensure the projects qualify as an allowable use of bond proceeds.

## REDEVELOPMENT AGENCY BOARD MEMBERS

March 21, 2011

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The total anticipated size of the bond issue is estimated to be \$198,000,000. The estimated amount of the bond issue consists of \$65,000,000 for affordable housing, \$66,000,000 for new projects in the North Long Beach Redevelopment Project Area, and \$67,000,000 for new projects in the Central Long Beach Redevelopment Project Area. These estimates include approximately \$19,750,000 for bond reserves, a \$1,500,000 underwriter's discount and \$750,000 for the cost of issuance (e.g. attorneys, financial advisors, fiscal consultants, and rating agencies).

### **Use of Bond Proceeds**

The proposed bond issuance includes funding for the North Long Beach and Central Long Beach Redevelopment Project Areas. Each of these project areas would receive proceeds and would be solely responsible for the debt service on its respective bond issue. Initial lists of projects and programs have been developed for each redevelopment project area and are provided in Exhibits A and B. Based on current interest rates, the estimated amount of net funds that could be raised through the sale of bonds for the Central Long Beach Redevelopment Project Area is nearly \$59,000,000 and approximately \$56,000,000 for the North Long Beach Redevelopment Project Area. Changing market conditions could alter the amount of funds received from the sale of the proposed bonds.

The Agency would deposit about \$56,500,000 of net housing bond proceeds into the City's Housing Development Fund. The City Council would be asked to approve amendments to the FY11 budget to allow for the expenditure of these funds as projects are identified and brought forward. An initial list of projects is presented in Exhibit C. The 20-percent Housing Set-Aside for the North, Central, Los Altos, West Beach and Poly High Redevelopment Project Areas would fund debt service payments for the housing bonds. The Downtown and West Long Beach Industrial Redevelopment Project Areas do not have the authority to create new bonded indebtedness at this time and cannot participate in the bond issue.

### **Joint Powers Authority**

As was the case with the 2005 Redevelopment Agency Bonds, staff proposes to use the Long Beach Bond Finance Authority (LBBFA) for the proposed bond issue. The LBBFA is a joint powers authority and a separate legal entity formed by the City and Agency. The LBBFA can issue a single series of bonds for both redevelopment project areas and the housing set-aside. If the LBBFA was not used, the Redevelopment Agency would be required to issue separate bonds for each redevelopment project area. Issuing a single series of bonds significantly reduces issuance costs and creates a bond structure that is more attractive to investors than would be the case with separate bond issues.

## REDEVELOPMENT AGENCY BOARD MEMBERS

March 21, 2011

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### Financial Security

The Agency and the Department of Financial Management have worked closely to create a proposal that would provide funds for redevelopment projects without over-encumbering Agency tax increment revenue flows. Staff, with the aid of consultants, reviewed the amount of tax increment revenue each project area is projected to have after payment of existing obligations, cost of administration and proposed funding of essential programs. The net available cash flow is projected to be sufficient to support the proposed new debt service. Further details of the proposed bond issue are presented in Exhibit D.

### Next Steps

If the Agency authorizes the issuance and sale of the bonds, the City Council needs to review and approve the Agency's actions. The timing of the bond sale is dependent on future actions by the State legislature and conditions in the bond market. Any sale would be timed to minimize costs to the Agency and to provide the maximum amount of and latitude with the bond proceeds. The City Council, Agency and Project Area Committees would have the opportunity to discuss the use of the bond proceeds as projects and budget amendments are approved by the Agency and City Council.

### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT M. ZUR SCHMIEDE, AICP  
ASSISTANT EXECUTIVE DIRECTOR



AMY J. BODEK, AICP  
EXECUTIVE DIRECTOR

Attachments: Exhibit A – List of Potential Projects for the Central Long Beach Project Area  
Exhibit B – List of Potential Projects for the North Long Beach Project Area  
Exhibit C – List of Potential Projects for Housing Development Fund  
Exhibit D – Preliminary Official Statement  
Redevelopment Agency Resolution

AJB:RZS:dh:aa

R:\RDA Board\RDA Board Meetings\2011\March 21\Bond Issuance Staff Report 3.21.11 v3.doc

Exhibit A

Long Beach Redevelopment Agency  
 North Project Area Master Work Plan  
 Fiscal Year 2011-Fiscal Year 2021

Project Implementation Planning Studies (i.e. Artesia, Atlantic)
Future commercial site development
Commercial Screening Program
Development of Public Art
Multi-family Improvement Program
NEA Target Area
Façade Improvement Program (Atlantic & Artesia)
North Village Center Implementation (Non-Library)
6101 Atlantic Development Site Development
PrimeStor - Atlantic & Artesia (NEC)
District 9 Street Improvement and medians (Paramount)
Houghton Park Revitalization
Virginia Village Revitalization
District 8 Street Improvements and medians (Market)
4800 Long Beach Blvd - United Cerebral Palsy Independent Living Facility
Virginia Village Parking
Virginia Village Paseo
5301 Long Beach Blvd - for El Ranchito Parking Expansion - Remediation Estimate
South Waterfront Bikepath
<b>Total Tax Exempt</b>
Economic development support
Future residential site development (various)
Acquisitions - 5917 Atlantic (incl. cell tower relocation)
Cedar Station - 5100 LBB Site Development
Additional Acquisitions - 34 & 40 W Sunset
Queen Mary historic preservation

## Exhibit B

### Long Beach Redevelopment Agency Central Project Area Master Work Plan Fiscal Year 2011 to 2021

Pine Avenue Streetscape
CSULB Masters Fine Arts and Housing Campus
Drake/Chavez Park Expansion
Cressa Park Land Acquisition
Design District Streetscape
Pacific Electric Right-of-Way Expansion
Cherry Avenue Widening
Orizaba Park Expansion
McBride Park Teen Center (OSL)
LBTEC
Willmore Courts Implementation Plan
McArthur Park Homeland Expansion - Tenant Improvement (OSL)
Commercial Façade Program through 2014
Code Enforcement (3 years)
Graffiti Abatement (3 years)
Arts Council (3 years)
Gateway Monument Sign - Wrigley, MIG, East and West Anaheim
Project Implementation Planning - Long Beach Boulevard
Streetscape Median Improvement - Anaheim
Commercial Screening Program (3 years)
Sunrise Gateway
Pacific Electric Right-of-Way
Alamitos & 15th Street Park - Rosa Parks Park
Craftsman Park (OSL)
East Village Streetscape
Magnolia Industrial District
Alamitos Streetscape Project
Wrigley Village Improvements
West Gateway Improvements
7th & Alamitos Right-Turn Lane
Courthouse
Orizaba Design District
329 Acquisition
Property Acquisition - 1081 - 1095 Long Beach Boulevard
Property Acquisition - 63 Lime Avenue
Atlantic & Willow Acquisition and Relocation
Land Acquisition Per Strategic Guide
Business Loans (3 years)
<i>Project Implementation Planning Studies</i>
<i>East Village Arts District support</i>
<i>Commercial Façade Improvement Program</i>
<i>Economic development support</i>
<i>Shoreline Gateway</i>

**Exhibit B**

**Long Beach Redevelopment Agency  
Central Project Area Master Work Plan  
Fiscal Year 2011 to 2021**

<i>25th and Santa Fe Land Acquisition</i>
<i>Development Opportunity - 3rd/Alamitos</i>
<i>Site acquisition and park development - 14th/Long Beach Blvd</i>
<i>14th Street park expansion</i>
<i>Anaheim &amp; Atlantic site assembly and development</i>
<i>Pacific &amp; Pacific Coast Highway site development</i>
<i>PCH &amp; MLK land assembly and site development</i>
<i>Drake Park Community Center and Greenbelt development</i>
<i>Veterans Park Community Center &amp; Restrooms</i>
<i>MLK Park Community Center &amp; Restrooms</i>
<i>MLK Park Pool</i>
<i>Chittick Field park development</i>
<i>PCH acquisitions @ Chittick Field</i>
<i>Long Beach Design District</i>
<i>LBHDC land acquisitions (est.)</i>
<i>Brett Harte Library parking expansion</i>
<i>Burnett Library renovation</i>
<i>Fire Station 10 (replacement)</i>
<i>Pacific Ave. Medians (8th to PCH)</i>
<i>6th District Street Improvements</i>
<i>ADA Accessibility Improvement</i>



PRELIMINARY OFFICIAL STATEMENT DATED [MARCH \_\_], 2011

NEW ISSUES  
BOOK ENTRY-ONLY

Exhibit D

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 2011A-1 Bonds and the Series 2011A-2 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. Interest on the Series 2011B Bonds is subject to all applicable federal income taxation. In the further opinion of Bond Counsel, interest on the Series 2011 Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.*

[City Logo]

\$[\_\_\_\_\_]\*

[Redev Logo]

LONG BEACH BOND FINANCE AUTHORITY

\$[\_\_\_\_\_]\*

REVENUE BONDS

(North and Central Long Beach Redevelopment  
and Housing Financings)  
2011 Series A

\$[\_\_\_\_\_]\*

TAXABLE REVENUE BONDS

(North and Central Long Beach Redevelopment  
and Housing Financings)  
2011 Series B  
(Current Interest Bonds)

consisting of:

\$[\_\_\_\_\_] \* 2011 Series A-1 (Current Interest Bonds)

\$[\_\_\_\_\_] \* 2011 Series A-2 (Capital Appreciation Bonds)

Dated: Date of Delivery

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

The Long Beach Bond Finance Authority, Revenue Bonds (North and Central Long Beach Redevelopment and Housing Financings), 2011 Series A-1 (the "Series 2011A-1 Bonds"), the Long Beach Bond Finance Authority, Revenue Bonds (North and Central Long Beach Redevelopment and Housing Financings), 2011 Series A-2 (the "Series 2011A-2 Bonds"), and the Long Beach Bond Finance Authority, Taxable Revenue Bonds (North and Central Long Beach Redevelopment and Housing Financings), 2011 Series B (the "Series 2011B Bonds," and collectively with the Series 2011A-1 Bonds, the "Current Interest 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, to be dated as of April 1, 2011 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2011A-1, the Series 2011A-2 and the Series 2011B Bonds are collectively referred to herein as the "Series 2011 Bonds." The Series 2011 Bonds are being issued to purchase the Series 2011 Agency Bonds (as defined herein) which are being issued to provide funds to finance certain redevelopment projects of the Redevelopment Agency of the City of Long Beach (the "Agency"), to finance certain housing projects of the Agency, [to fund a portion of the interest accruing on a portion of the Series 2011 Bonds,] to fund reserve accounts for the Series 2011 Agency Bonds and to pay costs of issuance of the Series 2011 Bonds.

The Series 2011 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 the payment of all principal, Accreted Value, interest and redemption premiums, if any, made by the Agency on the respective Series 2011 Agency Bonds. A default in the payment of principal, Accreted Value and interest on one series of Series 2011 Agency Bonds constitutes an event of default under the respective indenture under which such series of Series 2011 Agency Bonds was issued. A default under one series of Series 2011 Agency Bonds does not constitute a default under one or all of the other series of Series 2011 Agency Bonds, and, except as described herein, each series of Series 2011 Agency Bonds is secured by a different source of moneys. An event of default under any series of Series 2011 Agency Bonds may result in insufficient Revenues with which to pay the principal and Accreted Value of and interest on the Series 2011 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS."

The Current Interest Bonds are issuable in denominations of \$5,000 and integral multiples thereof. The Series 2011A-2 Bonds are issuable in denominations which will have an Accreted Value of \$5,000 at maturity or any integral multiple thereof. Interest on the Current Interest Bonds is payable on February 1 and August 1 of each year, commencing on August 1, 2011. No payments are due to the owners of the Series 2011A-2 Bonds until their respective maturity dates. See "THE SERIES 2011 BONDS" herein. The Series 2011 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. So long as the Series 2011 Bonds are held by DTC, the principal or Accreted Value of, interest and redemption premiums, if any, on the Series 2011 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal, Accreted Value, interest and redemption premiums, if any, to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2011 Bonds, as more fully described herein. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

The Current Interest Bonds are subject to optional and mandatory sinking fund prior to maturity, as described herein. See "THE SERIES 2011 BONDS—Redemption of Current Interest Bonds" herein. [The Series 2011A-2 Bonds are not subject to redemption prior to maturity.]

**THE SERIES 2011 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED BY THE INDENTURE. THE SERIES 2011 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 OR ACCRETED VALUE OF, ANY INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2011 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY PLEDGED UNDER THE INDENTURE. THE SERIES 2011 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 2011 BONDS ARE LIABLE PERSONALLY ON THE SERIES 2011 BONDS BY REASON OF THEIR ISSUANCE.**

The purchase and ownership of the Series 2011 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 2011 Bonds. Investors are advised to read the Official Statement in its entirety to obtain

\* Preliminary; subject to change.

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



information essential to the making of an informed investment decision with respect to the Series 2011 Bonds, giving particular attention to the matters discussed under "CERTAIN BONDHOLDERS' RISKS" herein.

*The Series 2011 Bonds are offered, when, as and if issued by the Authority, subject to the approval of validity by Quint & Thimmig LLP, Bond Counsel, and to certain other conditions. Certain matters will be passed upon for the Authority and the Agency by the City Attorney of the City of Long Beach. Certain legal matters will be passed upon for the Authority by Kutak Rock LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel Fulbright & Jaworski L.L.P. Loop Capital Markets LLC has served as Financial Advisor to the Authority. It is expected that the delivery of the Series 2011 Bonds will be made through the facilities of DTC on or about [\_\_\_\_\_], 2011.*

**Stone & Youngberg**

**BofA Merrill Lynch**

**De La Rosa & Co.**

Date of Official Statement:

\$[\_\_\_\_\_]\*  
**LONG BEACH BOND FINANCE AUTHORITY**  
**Revenue Bonds**  
**(North and Central Long Beach Redevelopment and Housing Financings)**  
**2011 Series A-1**  
**(Current Interest Bonds)**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>	<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_\_\_, Yield \_\_\_\_\_%; CUSIP<sup>1</sup>: \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_\_\_, Yield \_\_\_\_\_%; CUSIP<sup>1</sup>: \_\_\_\_\_

\$[\_\_\_\_\_]\*  
**LONG BEACH BOND FINANCE AUTHORITY**  
**Revenue Bonds**  
**(North and Central Long Beach Redevelopment and Housing Financings)**  
**2011 Series A-2**  
**(Capital Appreciation Bonds)**

<u>Maturity Date (August 1)</u>	<u>Initial Amount</u>	<u>Yield to Maturity</u>	<u>Initial Amount per \$5,000 Accreted Value at Maturity Date</u>	<u>CUSIP<sup>1</sup></u>	<u>Maturity Date (August 1)</u>	<u>Initial Amount</u>	<u>Yield to Maturity</u>	<u>Initial Amount per \$5,000 Accreted Value at Maturity Date</u>	<u>CUSIP<sup>1</sup></u>
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\* Preliminary; subject to change.

<sup>1</sup> Copyright 2011, American Bankers Association. CUSIP data was provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies Inc. CUSIP numbers are provided only for the convenience of the reader. Neither the Authority nor the Underwriters take any responsibility for any changes to or errors in this list of CUSIP numbers.

\$[ \_\_\_\_\_ ]\*  
**LONG BEACH BOND FINANCE AUTHORITY**  
**Taxable Revenue Bonds**  
**(North and Central Long Beach Redevelopment and Housing Financings)**  
**2011 Series B**  
**(Current Interest Bonds)**

Maturity Date (August 1)	Principal Amount	Interest Rate	Price	CUSIP <sup>1</sup>	Maturity Date (August 1)	Principal Amount	Interest Rate	Price	CUSIP <sup>1</sup>
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20 \_\_, Price \_\_\_\_\_ %; CUSIP<sup>1</sup>: \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due August 1, 20 \_\_, Price \_\_\_\_\_ %; CUSIP<sup>1</sup>: \_\_\_\_\_

\* Preliminary; subject to change.

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No dealer, broker, salesperson or other person has been authorized by the Authority, the Agency, the City or the Underwriters to give any information or to make any representations in connection with the offer and sale of the Series 2011 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, the City 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 2011 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 2011 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 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 respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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, the Agency or the City since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2011 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THE SERIES 2011 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 INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SERIES 2011 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011 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 2011 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

**LONG BEACH BOND FINANCE AUTHORITY  
BOARD OF DIRECTORS**

Patrick H. West, Chair  
Bill Yeomans, Vice-Chair  
David S. Nakamoto

**LONG BEACH MAYOR AND CITY COUNCIL**

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Suja Lowenthal, Vice Mayor  
Dee Andrews  
Gary DeLong  
Robert Garcia  
Rae Gabelich  
James Johnson  
Steven Neal  
Patrick O'Donnell  
Gerrie Schipske

**CITY OFFICIALS**

Patrick H. West, City Manager  
Robert E. Shannon, Esq., City Attorney  
Laura L. Doud, City Auditor  
Doug Haubert, Esq., City Prosecutor  
Larry Herrera, City Clerk

**MEMBERS OF THE REDEVELOPMENT AGENCY OF  
THE CITY OF LONG BEACH, CALIFORNIA**

William Baker, Chair  
Diane Arnold, Vice Chair  
John Cross  
Julie Heggeness  
Teer L. Strickland  
John Thomas  
Vivian Tobias

**CITY/AGENCY STAFF**

Bill Yeomans, Acting Director of Finance  
David S. Nakamoto, City Treasurer  
Amy J. Bodek, Executive Director of the Agency and  
Director of Development Services  
Robert Zur Schmiede, Assistant Executive Director of the Agency

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**Trustee**  
The Bank of New York Mellon  
Trust Company, N.A.  
Los Angeles, California

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## OFFICIAL STATEMENT

\$[\_\_\_\_\_]\*  
LONG BEACH BOND FINANCE AUTHORITY

\$[\_\_\_\_\_]\*  
REVENUE BONDS  
(North and Central Long Beach Redevelopment  
and Housing Financings)  
2011 Series A

\$[\_\_\_\_\_]\*  
TAXABLE REVENUE BONDS  
(North and Central Long Beach Redevelopment  
and Housing Financings)  
2011 Series B  
(Current Interest Bonds)

consisting of:

\$[\_\_\_\_\_]\* 2011 Series A-1 (Current Interest Bonds)  
\$[\_\_\_\_\_]\* 2011 Series A-2 (Capital Appreciation Bonds)

### 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, Revenue Bonds (North and Central Long Beach Redevelopment and Housing Financings), 2011 Series A-1 (the "Series 2011A-1 Bonds"), its \$[\_\_\_\_\_]\* original amount of Long Beach Bond Finance Authority, Revenue Bonds (North and Central Long Beach Redevelopment and Housing Financings), 2011 Series A-2 (the "Series 2011A-2 Bonds" or the "Capital Appreciation Bonds"), and its \$[\_\_\_\_\_]\* aggregate principal amount of Long Beach Bond Finance Authority, Taxable Revenue Bonds (North and Central Long Beach Redevelopment and Housing Financings), 2011 Series B (the "Series 2011B Bonds," and collectively with the Series 2011A-1 Bonds, the "Current Interest Bonds"). The Series 2011A-1 Bonds and the Series 2011A-2 Bonds are collectively referred to in this Official Statement as the "Series 2011A Bonds"; the Series 2011A-1 Bonds, the Series 2011A-2 Bonds and the Series 2011B Bonds are collectively referred to in this Official Statement as the "Series 2011 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," "APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Definitions."

#### The Series 2011 Bonds and the Series 2011 Agency Bonds

**Series 2011 Bonds.** The Series 2011 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 2011 Bonds (the "Authority Resolution"), and an Indenture of Trust, to be dated as of April 1, 2011 (the "Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2011 Bonds will mature on the dates and in the principal and Accreted Value amounts set forth on the inside front cover pages of this Official Statement. Interest on the Current Interest Bonds is payable on February 1 and August 1 (each an "Interest Payment Date"), commencing on August 1, 2011, computed at the respective rates of interest set forth on the inside front cover pages of this Official Statement. No payments are due to the owners of the Series 2011A-2 Bonds until their respective

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\* Preliminary; subject to change.

maturity dates. The Current Interest Bonds are subject to optional and mandatory sinking fund redemption, as described herein. See “THE SERIES 2011 BONDS—Redemption of Current Interest Bonds” herein. The Series 2011 Bonds are being issued to purchase the Series 2011 Agency Bonds (as defined below).

The Series 2011 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 the payment of all principal, Accreted Value, interest and redemption premiums, if any, made by the Redevelopment Agency of the City of Long Beach (the “Agency”) on its: (i) Redevelopment Agency of the City of Long Beach 2011[A] Tax Allocation Bonds (Central Long Beach Redevelopment Project) (the “Series 2011[A] Central Long Beach Bonds”); (ii) Redevelopment Agency of the City of Long Beach 2011[B] Tax Allocation Bonds (Central Long Beach Redevelopment Project) (the “Series 2011[B] Central Long Beach Bonds,” and together with the Series 2011[A] Central Long Beach Bonds, the “Series 2011 Central Long Beach Bonds”); (iii) Redevelopment Agency of the City of Long Beach 2011[A] Tax Allocation Bonds (North Long Beach Redevelopment Project) (the “Series 2011[A] North Long Beach Bonds”); (iv) Redevelopment Agency of the City of Long Beach 2011[B] Tax Allocation Bonds (North Long Beach Redevelopment Project) (the “Series 2011[B] North Long Beach Bonds,” and collectively with the Series 2011[A] North Long Beach Bonds, the “Series 2011 North Long Beach Bonds”); (v) Redevelopment Agency of the City of Long Beach 2011[A] Subordinate Tax Allocation Bonds (Housing Projects) (the “Series 2011[A] Housing Bonds”); and (vi) Redevelopment Agency of the City of Long Beach 2011[B] Subordinate Tax Allocation Bonds (Housing Projects) (the “Series 2011[B] Housing Bonds,” and collectively with the Series 2011[A] Housing Bonds, the “Series 2011 Housing Bonds”). The Series 2011 Central Long Beach Bonds, the Series 2011 North Long Beach Bonds and the Series 2011 Housing Bonds are collectively referred to in this Official Statement as the “Series 2011 Agency Bonds” or the “Series 2011 Local Obligations.” The Series 2011[A] Central Long Beach Bonds, the Series 2011[A] North Long Beach Bonds and the Series 2011[A] Housing Bonds are collectively referred to in this Official Statement as the “Series 2011 Agency Current Interest Bonds.” The Series 2011[B] Central Long Beach Bonds, the Series 2011[B] North Long Beach Bonds and the Series 2011[B] Housing Bonds are collectively referred to in this Official Statement as the “Series 2011 Agency Capital Appreciation Bonds.”

***Series 2011 Agency Bonds.*** The Series 2011 Agency Bonds are being 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 a resolution adopted by the Agency on March [21], 2011, (the “Agency Resolution”), which authorizes, among other things, the issuance of the Series 2011 Agency Bonds. The Series 2011 Central Long Beach Bonds also will be issued pursuant to an Indenture of Trust, dated as of February 1, 2005, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Central Long Beach Trustee”), as supplemented by the First Supplemental Indenture of Trust, to be dated as of April 1, 2011 (collectively, the “Central Long Beach Indenture”), by and between the Agency and the Central Long Beach Trustee. The Series 2011 North Long Beach Bonds also will be issued pursuant to an Indenture of Trust, dated as of May 1, 2002, as amended and supplemented, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “North Long Beach Trustee”), as further supplemented by the Fourth Supplemental Indenture of Trust, to be dated as of April 1, 2011 (collectively, the “North Long Beach Indenture”), by and between the Agency and the North Long Beach Trustee. The Series 2011 Housing Bonds also will be issued pursuant to an Indenture of Trust, to be dated as of April 1, 2011, (the “Housing Indenture”), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Housing Trustee”). The Central Long Beach Indenture, the North Long Beach Indenture and the Housing Indenture are collectively referred to herein as the “Agency Indentures;” and the Central Long Beach Trustee, the North Long Beach Trustee and the Housing Trustee are collectively referred to herein as the “Agency Trustee.”



The Series 2011 Central Long Beach Bonds are being issued to finance certain redevelopment projects located in or of benefit to the Central Long Beach Project Area (as defined herein), to fund a deposit to the Central Long Beach Reserve Account (as defined herein) and to pay a portion of the costs of issuance of the Series 2011 Bonds. The Series 2011 North Long Beach Bonds are being issued to finance certain redevelopment projects located in or of benefit to the North Long Beach Project Area (as defined herein), [to fund a portion of the interest accruing on a portion of the Series 2011 North Long Beach Bonds,] to fund a deposit to the North Long Beach Reserve Account (as defined herein) and to pay a portion of the costs of issuance of the Series 2011 Bonds. The Series 2011 Housing Bonds are being issued to finance certain low and moderate income housing projects located in the City of Long Beach (the "City"), to fund a deposit to the Housing Reserve Account (as defined herein) and to pay a portion of the costs of issuance of the Series 2011 Bonds.

### **Security and Sources of Payment for the Series 2011 Bonds**

The Series 2011 Bonds are secured by a first lien on and pledge of Revenues, which include (a) all amounts derived from or with respect to the Series 2011 Agency Bonds, including, but not limited to, all principal, Accreted Value, interest and redemption premiums, if any, paid to the Trustee as the Holder of the Series 2011 Agency Bonds; (b) all moneys deposited and held from time to time in the funds and accounts established under the Indenture, other than the Rebate Account and the Costs of Issuance Fund, and (c) 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 2011 BONDS."

The Series 2011 Central Long Beach Bonds and the Series 2011 North Long Beach Bonds are special limited obligations of the Agency payable solely from the Central Long Beach Tax Increment Revenues (as defined herein) and the North Long Beach Tax Increment Revenues (as defined herein), respectively, consisting, as to each respective Redevelopment Plan (as defined herein) for the Central Long Beach 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 Central Long Beach 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 Central Long Beach Project Area and the North Long Beach Project Area. The Central Long Beach Tax Increment Revenues and the North Long Beach Tax Increment Revenues related to the respective Redevelopment Plan for the Central Long Beach Project Area and the North Long Beach Project Area are only available for payment of the respective Series 2011 Agency Bonds issued in connection with that certain Redevelopment Plan, and are not available for the payment of any other Series 2011 Agency Bonds issued in connection with a different Redevelopment Plan. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS" herein.

The Series 2011 Housing Bonds are special limited obligations of the Agency payable solely from the Housing Tax Increment Revenues (as defined herein), consisting, as to each respective Redevelopment Plan for the Central Project Area, the Los Altos Project Area (as defined herein), the North Long Beach Project Area, the Poly High Project Area (as defined herein) and the West Beach Project Area (as defined herein), of amounts 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 Central Long Beach Project Area, the Los Altos Project Area, the North Long Beach Project Area, the Poly High Project Area and the West Beach Project Area. The Series 2011 Housing Bonds are payable from Housing Tax Increment Revenues on a subordinate basis to the payment of the Series 2005 Senior Housing Bonds (as defined herein). The Series 2005 Senior Housing Bonds have a senior lien on the Housing Tax Increment Revenues, except for the portion of Housing Tax Increment Revenues collected

from the West Beach Project Area, which have been pledged on a senior basis to the Series 2002 West Beach Bonds (as defined herein). The Series 2011 Housing Bonds have a third lien on the Housing Tax Increment Revenues collected from the West Beach Project Area. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS" herein.

Payments of principal, Accreted Value and interest to be made by the Agency on the Series 2011 Agency Bonds are calculated to be sufficient in the aggregate to pay principal, Accreted Value and interest on the Series 2011 Bonds as such become due. The Series 2011 Agency Bonds are independent limited obligations of the Agency, and the occurrence of an event of default with respect to one series of Series 2011 Agency Bonds will not, in and of itself, constitute an event of default under the other Series 2011 Agency Bonds or under the Series 2011 Bonds. However, an event of default with regards to any series of Series 2011 Agency Bonds may result in insufficient Revenues with which to pay the principal or Accreted Value of and interest on the Series 2011 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS" and "CERTAIN BONDHOLDERS' RISKS."

At the time of issuance of the Series 2011 Agency Bonds, a separate reserve account will be funded under each Agency Indenture in order to secure the payment of principal or Accreted Value of and interest on the respective series of Series 2011 Agency Bonds issued under each respective Agency Indenture, equal to the applicable Reserve Requirement (as defined herein). The deposit to each respective reserve account will be made from a portion of the proceeds of each respective series of Series 2011 Agency Bonds. Amounts on deposit in each of the reserve accounts created pursuant to the Agency Indentures are only available to pay the principal or Accreted Value of and interest on the applicable series of Series 2011 Agency Bonds issued pursuant to the respective Agency Indenture, which created the respective reserve account, and, therefore, amounts on deposit in a reserve account are not available for the payment of the principal or Accreted Value of and interest on a series of Series 2011 Agency Bonds issued pursuant to a separate Agency Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS—Security for the Series 2011 Agency Bonds."

THE SERIES 2011 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED IN THE INDENTURE. THE SERIES 2011 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 OR ACCRETED VALUE OF OR ANY INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2011 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. THE SERIES 2011 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 2011 BONDS ARE LIABLE PERSONALLY ON THE SERIES 2011 BONDS BY REASON OF THEIR ISSUANCE.

### **The Authority**

The Authority was established 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. Neither the Series 2011 Bonds nor the Series 2011 Agency

Bonds are obligations of the Authority, and no assets or property of the Authority is pledged as security for the payment of the Series 2011 Bonds or the Series 2011 Agency Bonds.

### **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. Neither the Series 2011 Bonds nor the Series 2011 Agency Bonds are obligations of the City, and no assets or property of the City is pledged as security for the payment of the Series 2011 Bonds or the Series 2011 Agency Bonds. For general information regarding the City, see “APPENDIX D—CERTAIN INFORMATION CONCERNING THE CITY OF LONG BEACH.”

In 1961, the City, acting pursuant to the Redevelopment Law, activated the Agency by an ordinance of the City Council of the City (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. Although the Agency is an entity distinct from the City, the City provides staff support for the Agency pursuant to a cooperation agreement between the City and the Agency. See “CERTAIN BONDHOLDERS’ RISKS—Educational Revenue Augmentation Fund, State Budget—Proposed Fiscal Year 2011-12 State Budget; Proposals to Eliminate Redevelopment Funding Mechanisms” and “APPENDIX A—THE AGENCY AND THE PROJECT AREAS—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 Central Long Beach Redevelopment Project Area (the “Central Long Beach Project Area”), the Los Altos Redevelopment Project Area (the “Los Altos Project Area”), the North Long Beach Redevelopment Project Area (the “North Long Beach Project Area”), the Poly High Redevelopment Project Area (the “Poly High Project Area”), and the West Beach Redevelopment Project Area (the “West Beach Project Area”). The Central Long Beach Project Area, the Los Altos Project Area, the North Long Beach Project Area, the Poly High Project Area and the West Beach Project Area, are collectively, referred to herein as the “Redevelopment Project Areas.”

The Redevelopment Plan for the Central Long Beach Project Area (the “Central Long Beach Redevelopment Plan”) was first adopted on September 21, 1993 under A.B. 598, special enabling legislation enacted following the civil disturbances of April 30 to May 2, 1992, during which the majority of local damage occurred in the Central Long Beach Project Area. The Agency and City Council adopted the Central Long Beach Redevelopment Plan for a second time on March 6, 2001. The Central Long Beach Project Area consists of 2,619 acres. 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 Long Beach 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. See “APPENDIX A—THE AGENCY AND THE PROJECT AREAS—CENTRAL LONG BEACH PROJECT AREA.”

The Redevelopment Plan for the Los Altos Project Area (the “Los Altos Project Redevelopment Plan”) was adopted by an ordinance adopted by the City Council on December 10, 1991. 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. See “APPENDIX A—THE AGENCY AND THE PROJECT AREAS—LOS ALTOS 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. See “APPENDIX A—THE AGENCY AND THE PROJECT AREAS—NORTH LONG BEACH PROJECT AREA.”

The Redevelopment Plan for the Poly High Project Area, as amended (the “Poly High Redevelopment Plan”) was adopted by an ordinance adopted by the City Council on April 3, 1973. The Poly High Project Area encompasses a mainly residential area and is comprised of approximately 87 acres of land and includes the Polytechnic High School. See “APPENDIX A—THE AGENCY AND THE PROJECT AREAS—POLY HIGH PROJECT AREA.”

The Redevelopment Plan for the West Beach Project Area, as amended (the “West Beach Redevelopment Plan”) was adopted by an ordinance adopted by the City Council on July 21, 1964. The West Beach Project Area encompasses a mainly commercial area located approximately one-half mile west of the Civic Center complex and is comprised of approximately 21 acres of land. See “APPENDIX A—THE AGENCY AND THE PROJECT AREAS—WEST BEACH PROJECT AREA.”

The Central Long Beach Redevelopment Plan, the Los Altos Redevelopment Plan, the North Long Beach Redevelopment Plan, the Poly High Redevelopment Plan and the West Beach Redevelopment Plan are collectively referred to herein as the “Redevelopment Plans.” 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 either of the other such entities.

### **Proposal to Terminate Redevelopment Funding Mechanisms**

In January 2011, Governor Jerry Brown released his proposed budget for fiscal year 2011-12 (“Proposed 2011-12 Budget”). The Proposed 2011-12 Budget proposes the elimination of the current funding mechanism for redevelopment agencies and would prohibit existing agencies from creating new contracts or obligations effective upon enactment of urgency legislation. By July 1, 2011, existing agencies would be disestablished and successor local agencies would be required to use the tax increment revenues that redevelopment agencies would otherwise have received to retire redevelopment agency debts and contractual obligations “in accordance with existing payment schedules.”

Implementation of the Proposed 2011-12 Budget, including the provisions pertaining to redevelopment agencies will require implementing legislation by the Legislature and perhaps voter approval as to certain material elements and may include terms which are not yet proposed which are material to the Agency and the Series 2011 Bonds.

See “CERTAIN BONDHOLDERS’ RISKS—Educational Revenue Augmentation Fund; State Budget—Proposed Fiscal Year 2011-12 State Budget; Proposals to Eliminate Redevelopment Funding Mechanisms.”

### **Continuing Disclosure Obligation**

Upon the issuance of the Series 2011 Bonds, the Authority, the Agency and the City, as dissemination agent, will enter into a continuing disclosure agreement (the “Continuing Disclosure Agreement”). The Authority and the Agency will covenant in the Continuing Disclosure Agreement, for the benefit of the owners and beneficial owners of the Series 2011 Bonds, to annually provide, or cause to be provided, certain financial information and operating data of the type set forth herein including, and to provide, or cause to be provided, notices of certain enumerated events, if material, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (the “EMMA System”) or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. 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.

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 2011 Bonds and the Authority accordingly will not provide any such information. The Authority will have no liability to the holders of the Series 2011 Bonds with respect to the disclosure obligations undertaken by the Agency and the City.

### **Fiscal Consultant Reports**

Included as Appendix B to this Official Statement are (i) the Fiscal Consultant Report – North Redevelopment Project Area & Central Redevelopment Project Area, dated [\_\_\_\_], 2011 (the “North/Central Fiscal Consultant Report”) prepared by Keyser Marston Associates, Inc. (the “Fiscal Consultant”), and (ii) the Fiscal Consultant Report – Housing Set Aside, dated [\_\_\_\_], 2011 (the “Housing Fiscal Consultant Report,” and together with the North/Central Fiscal Consultant Report, the “Fiscal Consultant Reports”), prepared by the Fiscal Consultant, which, among other things, provide projections of tax increment revenues for the Redevelopment Project Areas. The Fiscal Consultant Reports should be read in their entirety for an understanding of the assumptions and rationale underlying the projections contained therein. See “APPENDIX B—FISCAL CONSULTANT REPORTS.”

### **Investment Considerations**

The purchase and ownership of the Series 2011 Bonds involve investment risks. Prospective purchasers of the Series 2011 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2011 Bonds, see “CERTAIN BONDHOLDERS’ RISKS.”

### **Forward-Looking Statements**

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the Agency’s expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “intend” or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority and the Agency on the date hereof, and the Authority and the Agency assume no obligation to update any such forward-looking statements. It is

important to note that the Agency's actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority and the Agency. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### **Additional Information**

Brief descriptions of the Series 2011 Bonds, the Series 2011 Agency Bonds, the Indenture, the Agency Indentures and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2011 Bonds. The Agency and the City maintain websites, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2011 Bonds.

## **THE FINANCING PLAN**

### **Series 2011 Bonds**

The Authority intends to apply the proceeds of the Series 2011 Bonds in the amount of \$[\_\_\_\_\_], to purchase the Series 2011 Agency Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" below. As described more completely herein, the Series 2011 Bonds are special limited obligations of the Authority payable from and secured by the Revenues, which consist primarily of all amounts derived from or with respect to the Series 2011 Agency Bonds, including, but not limited to, principal, Accreted Value, interest and redemption premium, if any, made by the Agency with respect to the Series 2011 Agency Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS."

### **Series 2011 Agency Bonds**

*Series 2011 Central Long Beach Bonds.* The Agency intends to apply proceeds of the Series 2011 Central Long Beach Bonds to: (a) the financing of certain redevelopment projects located in or of benefit to the Central Long Beach Project Area, (b) the funding of the Central Long Beach Reserve Account, and (c) the payment of a portion of the costs of issuance of the Series 2011 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "APPENDIX A—THE AGENCY AND THE PROJECT AREAS—CENTRAL LONG BEACH PROJECT AREA."

**Series 2011 North Long Beach Bonds.** The Agency intends to apply proceeds of the Series 2011 North Long Beach Bonds to: (a) the financing of certain redevelopment projects located in or of benefit to the North Long Beach Project Area, (b) the funding of the North Long Beach Reserve Account, and (c) the payment of a portion of the costs of issuance of the Series 2011 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “APPENDIX A—THE AGENCY AND THE PROJECT AREAS—NORTH LONG BEACH PROJECT AREA.”

**Series 2011 Housing Bonds.** The Agency intends to apply proceeds of the Series 2011 Housing Bonds to: (a) the financing of certain low and moderate income housing projects to be located in the City, (b) the funding of the Housing Reserve Account, and (c) the payment of a portion of the costs of issuance of the Series 2011 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “APPENDIX A—THE AGENCY AND THE PROJECT AREAS.”

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses for the Series 2011 Bonds and the Series 2011 Agency Bonds are as follows:

	Series 2011 Bonds	Series 2011 Agency Bonds		
		Series 2011 Central Long Beach Bonds	Series 2011 North Long Beach Bonds	Series 2011 Housing Bonds
<b>Sources</b>				
[Principal/Initial Amounts]				
Net Original Issue Premium/(Discount)				
<b>Total Sources</b>				
<b>Uses</b>				
Purchase Series 2011 Agency Bonds				
Redevelopment/Housing Projects				
Capitalized Interest				
Reserve Account				
Costs of Issuance <sup>1</sup>				
<b>Total Uses</b>				

<sup>1</sup> Includes pro rata share of underwriters’ discount, legal and other costs of issuance.

**THE SERIES 2011 BONDS**

**Authority for Issuance**

The issuance of the Series 2011 Bonds has been authorized by the Authority Resolution and the Series 2011 Bonds are being issued pursuant to the Indenture and in accordance with the provisions of the Bond Law. Proceeds of the Series 2011 Bonds will be used by the Authority to purchase the Series 2011 Agency Bonds.

## **Description of the Current Interest Bonds**

The Series 2011A-1 Bonds will be issued in the aggregate principal amount of \$[\_\_\_\_\_] and the Series 2011B Bonds will be issued in the aggregate principal amount of \$[\_\_\_\_\_]\*. The Current Interest Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Current Interest 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 pages hereof. The Current Interest 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 pages hereof. Interest on the Current Interest Bonds is payable semiannually on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing on August 1, 2011.

Interest on the Current Interest 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 Current Interest Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a 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 Current Interest Bond is authenticated on or before [July 15, 2011], 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 Current Interest Bond, interest thereon is in default, such Current Interest Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

## **Description of the Capital Appreciation Bonds**

The Series 2011A-2 Bonds will be issued in the initial amount of \$[\_\_\_\_\_]\*. The Series 2011A-2 Bonds will be issued in denominations which will have an Accreted Value of \$5,000 at maturity or any integral multiple thereof. The Series 2011A-2 Bonds will be dated and accrete in value from their original date of delivery and the Accreted Value of the Series 2011A-2 Bonds will be payable solely at maturity to the Owners thereof. The Series 2011A-2 Bonds will mature on August 1 in each of the years set forth on the inside front cover pages hereof. The Series 2011A-2 Bonds will be issued at a substantial discount to their total maturity value with interest compounded semiannually at a fixed rate, which will be payable on their respective maturity dates. Interest on the Series 2011A-2 Bonds will compound on each Interest Payment Date, commencing August 1, 2011, at the applicable rate set forth on the inside front cover pages hereof (together with the initial amount thereof, the "Accreted Value"). The Accreted Value, as set forth in the Accreted Value Table for each Series 2011A-2 Bond in "APPENDIX I—ACCRETED VALUE TABLES FOR SERIES 2011A-2 BONDS," is the total of the initial amount and accrued interest represented by each Series 2011A-2 Bond determined for each Interest Payment Date.

## **Book-Entry-Only System**

Ownership interests in the Series 2011 Bonds may be purchased in book-entry form only through DTC. The Series 2011 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 2011 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2011 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2011 Bonds, references herein to the Owner or registered owner will mean Cede & Co. and will not mean the Beneficial Owners of the Series 2011 Bonds. So long as Cede & Co. is the registered owner of the Series 2011 Bonds,

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\* Preliminary; subject to change.



principal, Accreted Value, premium, if any, and interest on the Series 2011 Bonds are payable by wire transfer by the Trustee to Cede & Co., as nominee of DTC, which is required, in turn, to remit such amounts to the DTC Participants (as defined herein), for subsequent disbursement to the Beneficial Owners. See “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

**Redemption of Current Interest Bonds**

*Optional Redemption.*

**Series 2011A-1 Bonds.** The Series 2011A-1 Bonds maturing on or before August 1, 20 \_\_, will not be subject to optional redemption prior to their respective maturity dates. The Series 2011A-1 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 Series 2011 Agency Current Interest Bonds, or any other source of available funds, at a redemption price equal to the principal amount of the Series 2011A-1 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, and a premium, expressed as a percentage of the principal amount of the Series 2011A-1 Bonds to be redeemed, as follows:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
August 1, 20 __ to July 31, 20 __	%
August 1, 20 __ to July 31, 20 __	
August 1, 20 __ and any date thereafter	

**Series 2011B Bonds.** The Series 2011B Bonds maturing on or before August 1, 20 \_\_, will not be subject to optional redemption prior to their respective maturity dates. The Series 2011B 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 is met following such redemption, as set forth in 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 Series 2011 Agency Current Interest Bonds, or any other source of available funds, at a redemption price equal to the principal amount of the Series 2011B Bonds to be redeemed, plus accrued interest thereon to the date of redemption, and a premium, expressed as a percentage of the principal amount of the Series 2011B Bonds to be redeemed, as follows:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
August 1, 20 __ to July 31, 20 __	%
August 1, 20 __ to July 31, 20 __	
August 1, 20 __ and any date thereafter	

**Asset Coverage Test.** “Asset Coverage Test” means with respect to any prospective redemption of the Current Interest Bonds and of the Series 2011 Agency Current Interest Bonds, that following such redemption the remaining scheduled principal and interest, and Accreted Value due on the Series 2011 Bonds on each succeeding Interest Payment Date is not in excess of the remaining aggregate scheduled

principal and interest, and Accreted Value due on each such Interest Payment Date on the Series 2011 Agency Bonds.

***Escrows to Satisfy Asset Coverage Test.*** In connection with any sale (see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS—Sale of Series 2011 Agency Bonds”) or optional redemption of any of the Series 2011 Agency Current Interest 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 Series 2011 Agency Bonds or pursuant to an optional redemption of the Series 2011 Agency Current Interest 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 Current Interest 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 2011 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 2011 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 2011A-1 Bonds maturing on August 1, 20\_\_ will be subject to mandatory sinking fund redemption in whole, or in part by lot, on August 1 in each year commencing August 1, 20\_\_, from payments made by the Authority into 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 if some but not all of such Series 2011A-1 Term Bonds have been 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 2011A-1 Bonds so redeemed, 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 prior to the applicable redemption date.

**Series 2011A-1 Term Bonds  
Maturing August 1, 20\_\_**

<b>Sinking Fund Redemption Date (August 1)</b>	<b>Principal Amount to be Redeemed or Purchased</b>
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\* Final Maturity

The Series 2011A-1 Bonds maturing on August 1, 20\_\_ will be subject to mandatory sinking fund redemption in whole, or in part by lot, on August 1 in each year commencing August 1, 20\_\_, from payments made by the Authority into 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 if some but not all of such Series 2011A-1 Term Bonds have been 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 2011A-1 Bonds so redeemed, 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 prior to the applicable redemption date.

**Series 2011A-1 Term Bonds  
Maturing August 1, 20\_\_**

<b>Sinking Fund Redemption Date (August 1)</b>	<b>Principal Amount to be Redeemed or Purchased</b>
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\* Final Maturity

The Series 2011B Bonds maturing on August 1, 20\_\_ will be subject to mandatory sinking fund redemption in whole, or in part by lot, on August 1 in each year commencing August 1, 20\_\_, from payments made by the Authority into 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 if some but not all of such Series 2011B Term Bonds have been 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 2011B Bonds so redeemed, 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 prior to the applicable redemption date.

**Series 2011B Term Bonds  
Maturing August 1, 20\_\_**

<b>Sinking Fund Redemption Date (August 1)</b>	<b>Principal Amount to be Redeemed or Purchased</b>
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\* Final Maturity

The Series 2011B Bonds maturing on August 1, 20\_\_ will be subject to mandatory sinking fund redemption in whole, or in part by lot, on August 1 in each year commencing August 1, 20\_\_, from payments made by the Authority into 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 if some but not all of such Series 2011B Term Bonds have been 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 2011B Bonds so redeemed, 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 prior to the applicable redemption date.

**Series 2011B Term Bonds  
Maturing August 1, 20\_\_**

<b>Sinking Fund Redemption Date (August 1)</b>	<b>Principal Amount to be Redeemed or Purchased</b>
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\* Final Maturity

**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 Current Interest 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 Current Interest 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 Current Interest Bonds of a maturity are to be redeemed) and the maturity or maturities (in the event of redemption of all of the Current Interest Bonds of such maturity or maturities in whole) of the Current Interest Bonds to be redeemed, and will require that such Current Interest 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 Current Interest Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Current Interest 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 Current Interest 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 Current Interest 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 Current Interest Bonds to be optionally redeemed, the Trustee will send written notice to the owners of the Current Interest 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 Current Interest Bonds for which notice of optional redemption was given will remain Outstanding for all purposes of the Indenture.

***Selection of Current Interest Bonds Within a Maturity for Redemption.*** Whenever provision is made in the Indenture for the redemption of less than all of the Current Interest Bonds of any maturity, the Trustee will select the Current Interest Bonds to be redeemed from all Current Interest 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 Current Interest Bonds will be deemed to be comprised of separate \$5,000 portions and such portions will be treated as separate Current Interest Bonds which may be separately redeemed.

***Partial Redemption of Current Interest Bonds.*** In the event only a portion of any Current Interest Bond is called for redemption, then upon surrender of such Current Interest 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 Current Interest Bond or Current Interest Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Current Interest Bond being redeemed.

***Purchase of Current Interest 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 Current Interest 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 Current Interest 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 Current Interest Bonds were to be redeemed in accordance with the Indenture. Any Current Interest 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 Current Interest 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 Current Interest 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 Current Interest Bonds so called for redemption have been duly provided, such Current Interest 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.

### **No Redemption of the Series 2011A-2 Bonds**

The Series 2011A-2 Bonds will not be subject to redemption prior to maturity.

## **THE SERIES 2011 AGENCY BONDS**

### **Series 2011 Agency Bonds**

Pursuant to the Bond Law, the Authority will acquire the Series 2011 Agency Bonds, which are being issued by the Agency in order to finance: (a) certain redevelopment projects located in or of benefit to the Central Long Beach Project Area and the North Long Beach Project Area; (b) certain low and moderate income housing projects in the City; (c) the reserve requirements of the applicable Reserve Accounts; and (d) the costs of issuance of the Series 2011 Bonds.

**Authority for Issuance.** The issuance of the Series 2011 Agency Bonds has been authorized by the Agency Resolution, and each series of Series 2011 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 Series 2011 Agency Bonds.** The Series 2011 Agency Bonds consist of [six] separate series comprised of: (a) \$[\_\_\_\_\_]\* aggregate principal amount of the Redevelopment Agency of the City of Long Beach 2011[A] Tax Allocation Bonds (Central Long Beach Redevelopment Project); (b) \$[\_\_\_\_\_]\* initial amount of the Redevelopment Agency of the City of Long Beach 2011[B] Tax Allocation Bonds (Central Long Beach Redevelopment Project); (c) \$[\_\_\_\_\_]\* aggregate principal amount of the Redevelopment Agency of the City of Long Beach 2011[A] Tax Allocation Bonds (North Long Beach Redevelopment Project); (d) \$[\_\_\_\_\_]\* initial amount of the Redevelopment Agency of the City of Long Beach 2011[B] Tax Allocation Bonds (North Long Beach Redevelopment Project); (e) \$[\_\_\_\_\_]\* aggregate principal amount of the Redevelopment Agency of the City of Long Beach 2011[A] Subordinate Tax Allocation Bonds (Housing Projects); and (f) \$[\_\_\_\_\_]\* initial amount of the Redevelopment Agency of the City of Long Beach 2011[B] Subordinate Tax Allocation Bonds (Housing Projects). See "APPENDIX J—MATURITY SCHEDULES AND ACCRETED VALUE TABLES FOR SERIES 2011 AGENCY BONDS." Each series of Series 2011 Agency Bonds is secured by separate security, which security does not constitute security for any other series of Series 2011 Agency Bonds.

Interest on the Series 2011 Agency Current Interest 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 August 1, 2011. The Series 2011 Agency Capital Appreciation Bonds will be issued at a substantial discount to their total maturity value with interest compounded semiannually at a fixed rate, which will be payable on their respective maturity dates. Interest on the Series 2011 Agency Capital Appreciation Bonds will compound on each Interest Payment Date, commencing August 1, 2011. The Accreted Value, as set forth in the Accreted Value Table for each series of the Series 2011 Agency Capital Appreciation Bonds in "APPENDIX J—MATURITY SCHEDULES AND ACCRETED VALUE TABLES FOR SERIES 2011 AGENCY BONDS," is the total of the initial amount and accrued interest represented by each series of Series 2011 Agency Capital Appreciation Bonds determined for each Interest Payment Date. Payments of principal, Accreted Value

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\* Preliminary; subject to change.

\* Preliminary; subject to change.

and redemption premium, if any, of and interest on the Series 2011 Agency Bonds are pledged under the Indenture as security for the Series 2011 Bonds. For a schedule of debt service on the Series 2011 Agency Bonds, see “—Debt Service Schedules for Series 2011 Agency Bonds and the Series 2011 Bonds” below.

***Optional Redemption of Series 2011 Agency Current Interest Bonds.*** The Series 2011 Agency Current Interest 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 Series 2011 Agency Current Interest Bonds” below), on any date on which the Series 2011 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 and, if required to satisfy the Asset Coverage Test, the establishment and funding by the Agency of an escrow with the Trustee as described under “THE SERIES 2011 BONDS—Redemption of Current Interest Bonds—Escrows to Satisfy Asset Coverage Test.” See also “THE SERIES 2011 BONDS—Redemption of Current Interest Bonds—Optional Redemption” above.

***No Redemption of Series 2011 Agency Capital Appreciation Bonds.*** The Series 2011 Agency Capital Appreciation Bonds will not be subject to redemption prior to maturity.

***Authority Consent for Optional Redemption of Series 2011 Agency Current Interest Bonds.*** The Authority will not consent to the optional redemption of any of the Series 2011 Agency Current Interest 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 2011 Bonds to be redeemed pursuant to the provisions of the Indenture as a result of the optional redemption of the Series 2011 Agency Current Interest 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 2011 Bonds, and (iv) the establishment of an escrow as described under “THE SERIES 2011 BONDS—Redemption of Current Interest Bonds—Escrows to Satisfy Asset Coverage Test” above, in connection with such optional redemption of the Series 2011 Agency Current Interest Bonds, as applicable, and (b) concludes that, based upon the information supplied in clauses (a)(i) through (iv) above, and in reliance upon the Trustee, the Agency Trustee, the Agency and the Authority implementing the redemption of the Series 2011 Agency Current Interest Bonds, as applicable, and the Series 2011 Bonds in a manner consistent with such information, the Asset Coverage Test will be met following the optional redemption of the Series 2011 Agency Current Interest Bonds, as applicable.

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**Debt Service Schedules for Series 2011 Agency Bonds and the Series 2011 Bonds**

Scheduled debt service on the Series 2011 Agency Bonds is shown in Table 1 below:

**Table 1  
Schedule of Debt Service for Series 2011 Agency Bonds**

<b>Fiscal Year Ending (September 30)</b>	<b>Total Debt Service on Series 2011 Central Long Beach Bonds<sup>1</sup></b>	<b>Total Debt Service on Series 2011 North Long Beach Bonds<sup>2</sup></b>	<b>Total Debt Service on Series 2011 Housing Bonds<sup>3</sup></b>	<b>Projected Revenues Available to Pay Debt Service<sup>4</sup></b>
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				

<sup>1</sup> Includes debt service due on \$[ ] initial amount of Series 2011 Central Long Beach Bonds.

<sup>2</sup> Includes debt service due on \$[ ] initial amount of Series 2011 North Long Beach Bonds.

<sup>3</sup> Includes debt service due on \$[ ] initial amount of Series 2011 Housing Bonds.

<sup>4</sup> Equal to the sum of Total Debt Service on the Series 2011 Central Long Beach Bonds, the Series 2011 North Long Beach Bonds and the Series 2011 Housing Bonds.

Source: Loop Capital Markets LLC



Scheduled debt service on the Series 2011 Bonds is shown in Table 2.

**Table 2**  
**Schedule of Debt Service for Series 2011 Bonds**

Fiscal Year Ending (September 30)	Projected Revenues Available to Pay Debt Service <sup>1</sup>	Total Debt Service on Series 2011A-1 Bonds <sup>2</sup>	Total Debt Service on Series 2011A-2 Bonds <sup>3</sup>	Total Debt Service on Series 2011B Bonds <sup>4</sup>	Total Debt Service on Series 2011 Bonds	Coverage for Series 2011 Bonds <sup>5</sup>
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						

<sup>1</sup> Equal to sum of total debt service on the Series 2011 Agency Bonds. See also "Table 1—Schedule of Debt Service for Series 2011 Agency Bonds" above.

<sup>2</sup> Includes debt service due on \$[ ] aggregate principal amount of Series 2011A-1 Bonds.

<sup>3</sup> Includes debt service due on \$[ ] initial amount of Series 2011A-2 Bonds.

<sup>4</sup> Includes debt service due on \$[ ] aggregate principal amount of Series 2011B Bonds.

<sup>5</sup> Equal to Projected Revenues Available to Pay Debt Service divided by the sum of Total Debt Service on Series 2011A-1 Bonds, Total Debt Service on Series 2011A-2 Bonds and Total Debt Service on Series 2011B Bonds.

Source: Loop Capital Markets LLC

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS

### General

The Series 2011 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 Series 2011 Agency Bonds, including, but not limited to, all Principal Prepayments and other payments of principal or Accreted Value thereof and interest on the Series 2011 Agency Bonds, (b) 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 the Costs of Issuance Fund, and (c) 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 Series 2011 Central Long Beach Bonds will be secured by a pledge of and lien on all of the Central Long Beach Tax Increment Revenues (as defined herein) on a parity with the pledge thereof and lien thereon to pay the Agency's 2005 Tax Allocation Bonds (Central Long Beach Redevelopment Project) (the "Series 2005 Central Long Beach Bonds"), which as of [March] 1, 2011 were outstanding in the aggregate principal amount of \$53,340,000, and any additional parity debt that may be issued from time to time under the Central Long Beach Indenture.

The Series 2011 North Long Beach Bonds will be secured by a pledge of and lien on all of the North Long Beach Tax Increment Revenues (as defined herein), subject to the prior pledge of and lien on Middle Harbor Additional Tax Increment Revenues (as defined herein) granted under the Harbor Agreement (as defined herein), and on a parity with the pledge thereof and lien thereon to pay the Agency's 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project) (the "Series 2002 North Long Beach Bonds"), which as of [March] 1, 2011 were outstanding in the aggregate principal amount of \$18,229,929, the Agency's 2005 Tax Allocation Bonds (North Long Beach Redevelopment Project) (the "Series 2005 North Long Beach Bonds"), which as of [March] 1, 2011 were outstanding in the aggregate principal amount of \$58,525,000, the Agency's Taxable Recovery Zone Economic Development Bonds, 2010 Series A (North Long Beach Redevelopment Project) (the "Series 2010A North Long Beach Bonds"), which as of [March] 1, 2011 were outstanding in the aggregate principal amount of \$22,235,000, the Agency's Taxable Build America Bonds, 2010 Series B (North Long Beach Redevelopment Project) (the "Series 2010B North Long Beach Bonds," and together with the Series 2010A North Long Beach Bonds, the "Series 2010 North Long Beach Bonds"), which as of [March] 1, 2011 were outstanding in the aggregate principal amount of \$10,745,000, and any additional parity debt that may be issued from time to time under the North Long Beach Indenture.

The Series 2011 Housing Bonds will be secured by a pledge of and lien on all of the Housing Tax Increment Revenues (as defined herein) allocated to the Agency from the Redevelopment Project Areas, subject to the prior pledge of and lien on the portion of Housing Tax Increment Revenues collected from the West Beach Project Area granted to the Agency's 2002 Tax Allocation Bonds (West Beach Redevelopment Project) (the "Series 2002 West Beach Bonds"), which as of [March] 1, 2011 were outstanding in the aggregate principal amount of \$5,348,800; subject to the prior pledge of and lien on the Housing Tax Increment Revenues granted to the Agency's 2005 Tax Allocation Bonds (Housing Projects) (the "Series 2005 Senior Housing Bonds"), which as of [March] 1, 2011 were outstanding in the aggregate principal amount of \$52,185,000; subject to the prior pledge of and lien on the Housing Tax Increment Revenues to pay any Senior Housing Parity Debt (as defined herein) that may be issued from time to time under the Senior Housing Indenture (as defined herein); and on a parity with the pledge thereof and lien thereon to pay any additional parity debt that may be issued from time to time under the Housing Indenture. For purposes of this Official Statement, the Central Long Beach Tax Increment Revenues, the North Long Beach Tax Increment Revenues and the Housing Tax Increment Revenues are collectively referred to herein as the "Agency Tax Increment Revenues."

Each of the Series 2011 Central Long Beach Bonds and the Series 2011 North Long Beach Bonds will be secured additionally by a first and exclusive pledge of and lien upon all of the moneys in the respective Reserve Account, Redevelopment Fund, Debt Service Fund, Interest Account, Principal Account, Sinking Account and Redemption Account established with respect to the Series 2011 Central Long Beach Bonds and the Series 2011 North Long Beach Bonds, respectively. The Series 2011 Housing Bonds are secured additionally by a first and exclusive pledge of and lien upon all of the moneys in the

Reserve Account, Pledged Housing Set-Aside Fund, Debt Service Fund, Interest Account, Principal Account, Sinking Account and Redemption Account established with respect to the Series 2011 Housing Bonds.

The Series 2011 Central Long Beach Bonds, the Series 2011 North Long Beach Bonds and the Series 2011 Housing Bonds each have their own separate security, which security does not constitute security for any other series of Series 2011 Agency Bonds. See “—Security for the Series 2011 Agency Bonds” below. A default in the payment of debt service on one series of Series 2011 Agency Bonds will not result in acceleration of the debt service on such other respective series of Series 2011 Agency Bonds. A default under the Series 2011 Central Long Beach Bonds, the Series 2011 North Long Beach Bonds or the Series 2011 Housing Bonds does not constitute a default under one or all of the other series of Series 2011 Agency Bonds. An event of default under any series of Series 2011 Agency Bonds may result in insufficient Revenues with which to pay the principal or Accreted Value of and interest on the Series 2011 Bonds. See “APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Events of Default.”

### **Security for the Series 2011 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 or Accreted Value 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 or Accreted Value 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 of the Central Long Beach Tax Increment Revenues (subject to the parity lien of the Series 2005 Central Long Beach Bonds), the North Long Beach Tax Increment Revenues (subject to the senior lien of, with respect to the Middle Harbor Additional Tax Increment Revenues, the Harbor Agreement, and the parity lien of the Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2010 North Long Beach Bonds), and the Housing Tax Increment Revenues (subject to the

senior lien on the portion of Housing Tax Increment Revenues collected from the West Beach Project Area which has been granted to the Series 2002 West Beach Bonds, and subject to the senior lien on the Housing Tax Increment Revenues granted to the Series 2005 Senior Housing 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 principal and Accreted Value of and interest on the respective series of Series 2011 Agency Bonds, and the respective Agency Tax Increment Revenues and such other money will not be used for any other purpose while any of the respective series of Series 2011 Agency Bonds remain outstanding, subject to the provisions of each respective Agency Indenture.

***Security for the Series 2011 Central Long Beach Bonds.***

*Central Long Beach Tax Increment Revenues.* The term “Central Long Beach Tax Increment Revenues,” as defined in the Central Long Beach Indenture, means all taxes annually allocated and paid to the Agency with respect to the Central 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 Series 2011 Central Long Beach Bonds, the Series 2005 Central Long Beach Bonds or any Central Long Beach Parity Debt. The Agency is not authorized to defer any of its requirement to deposit 20% of Central Long Beach Tax Increment Revenues to the Low and Moderate Income Housing Fund. See “LIMITATIONS ON TAX REVENUES—Housing Set-Aside” below.

Central Long Beach Tax Increment Revenues (subject to the parity lien of the Series 2005 Central Long Beach Bonds) will be pledged in their entirety to the payment of the principal and Accreted Value, if any, of, premium, if any, and interest on the Series 2011 Central 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 Central Long Beach Tax Increment Revenues that would otherwise be available to pay the principal and Accreted Value, if any, of, premium, if any, and interest on the Series 2011 Central Long Beach Bonds. Likewise, broadened property tax exemptions could have a similar effect. For a further description of factors which may result in decreased Central Long Beach Tax Increment Revenues, see “CERTAIN BONDHOLDERS’ RISKS” and “LIMITATIONS ON TAX REVENUES” herein.

The Central Long Beach Indenture establishes certain funds and accounts for the Series 2011 Central Long Beach Bonds and the Series 2005 Central Long Beach Bonds. See also “APPENDIX E—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 Central Long Beach Indenture. The funds and accounts for the Series 2011 Central Long Beach Bonds and the Series 2005 Central Long Beach Bonds are separate and distinct from the funds and accounts for the other series of Series 2011 Agency Bonds. No Central Long Beach Tax Increment Revenues or funds with respect to the Series 2011 Central Long Beach Bonds or the Series 2005 Central Long Beach Bonds are security for any other series of Series 2011 Agency Bonds, and no other Agency Tax Increment Revenues or funds established with respect to the other series of Series 2011 Agency Bonds are security for the Series 2011 Central Long Beach Bonds or the Series 2005 Central Long Beach Bonds.

*Central Long Beach Parity Debt.* Subject to the provisions of the Central Long Beach Indenture, the Agency may at any time after the issuance and delivery of the Series 2011 Central Long Beach Bonds issue or incur any loans, bonds, notes, advances or indebtedness payable from Central Long Beach Tax Increment Revenues on a parity with the Series 2011 Central Long Beach Bonds, the Series 2005 Central Long Beach Bonds or any refunding obligations pursuant to the Central Long Beach Indenture (collectively "Central Long Beach Parity Debt"). The incurrence or issuance of such Central Long Beach Parity Debt is subject to certain conditions set forth in the Central Long Beach Indenture, including the condition that the Central Long Beach Tax Increment Revenues for the then current Fiscal Year (based on the assessed valuation of property in the Central 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 125% of the Maximum Annual Debt Service on the Series 2011 Central Long Beach Bonds, any previously issued Central Long Beach Parity Debt (including the Series 2005 Central Long Beach Bonds), and such new Central Long Beach Parity Debt. In computing the Maximum Annual Debt Service on the Series 2011 Central Long Beach Bonds and on the Central Long Beach Parity Debt (including the Series 2005 Central Long Beach Bonds), as provided in the previous sentence, principal and interest on any Central 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 Central 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 125% of the sum of the amount of Maximum Annual Debt Service on the Series 2011 Central Long Beach Bonds, any previously issued Central Long Beach Parity Debt (including the Series 2005 Central Long Beach Bonds), and any Central 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 was to be applied to redeem such Central Long Beach Parity Debt.

For purposes of the issuance of Central Long Beach Parity Debt, Central Long Beach Tax Increment Revenues will be calculated by multiplying the 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 Central Long Beach Project Area were less than the amount of the tax levy in the Central Long Beach Project Area for the immediately preceding five Fiscal Years; (iii) the amount by which Central 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 Central Long Beach Tax Increment Revenues which must be deposited to the Low and Moderate Income Housing Fund.

*Central Long Beach Reserve Account.* In order to further secure the payment of principal and Accreted Value, if any, of and interest on the Series 2011 Central Long Beach Bonds, the Series 2005 Central Long Beach Bonds and any other Central Long Beach Parity Debt, the Central Long Beach Trustee has previously established and maintains a Reserve Account (the "Central Long Beach Reserve Account"), which at the time of issuance of the Series 2011 Central Long Beach Bonds and the deposit of a portion of the proceeds of the Series 2011 Central Long Beach Bonds will have a balance of \$[\_\_\_\_\_]. Interest earnings on amounts on deposit in the Central Long Beach Reserve Account will be retained therein until such time as the amount in the Central Long Beach Reserve Account is equal to the Central Long Beach Reserve Requirement (as defined herein). The "Central Long Beach Reserve Requirement" will be equal to the least of (a) Maximum Annual Debt Service on the outstanding Series 2011 Central Long Beach Bonds, Series 2005 Central Long Beach Bonds and any other Central Long Beach Parity Debt, (b) 125% of Average Annual Debt Service of the outstanding Series 2011 Central

Long Beach Bonds, Series 2005 Central Long Beach Bonds and any other Central Long Beach Parity Debt; or (c) 10% of the then outstanding principal amount of the Series 2011 Central Long Beach Bonds, Series 2005 Central Long Beach Bonds and any other Central 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 Series 2011 Central Long Beach Bonds, the Series 2005 Central Long Beach Bonds and/or any other Central Long Beach Parity Debt are insufficient to pay the principal and Accreted Value, if any, of or interest on the Series 2011 Central Long Beach Bonds, the Series 2005 Central Long Beach Bonds and/or any other Central Long Beach Parity Debt, the Central Long Beach Trustee will apply amounts in the Central Long Beach Reserve Account to make up any such deficiency. Any amounts on deposit in the Central Long Beach Reserve Account are for the exclusive payment of the Series 2011 Central Long Beach Bonds, the Series 2005 Central Long Beach Bonds and any other Central Long Beach Parity Debt, and such amounts are not available for the payment of any other series of Series 2011 Agency Bonds. Provided an event of default has not occurred and is continuing under the Central Long Beach Indenture, at any time amounts on deposit in the Central Long Beach Reserve Account equal the Central Long Beach Reserve Requirement, any interest earnings on amounts on deposit in the Central Long Beach Reserve Account will be transferred to the Interest Account maintained by the Central Long Beach Trustee and used to pay interest on the Series 2011 Central Long Beach Bonds, the Series 2005 Central Long Beach Bonds and any other Central Long Beach Parity Debt. See “APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Funds and Accounts; Application of Proceeds.”

#### ***Security for the Series 2011 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 Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 North Long Beach Bonds and/or any North Long Beach Parity Debt (as defined herein). 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 senior lien of, with respect to the Middle Harbor Additional Tax Increment Revenues, the Harbor Agreement, and subject to the parity lien of the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2002 North Long Beach Bonds) will be pledged in their entirety to the payment of the principal and Accreted Value, if any, of, premium, if any, and interest on the Series 2011 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 and Accreted Value, if any, of, interest on and premium, if any, on the Series 2011 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 Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2002 North Long Beach Bonds. See also “APPENDIX E—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 Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2002 North Long Beach Bonds are separate and distinct from the funds and accounts for other series of Series 2011 Agency Bonds. No North Long Beach Tax Increment Revenues or funds with respect to the Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2002 North Long Beach Bonds are security for other series of Series 2011 Agency Bonds, and no other Agency Tax Increment Revenues or funds established with respect to other series of Series 2011 Agency Bonds are security for the Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds or the Series 2002 North Long Beach Bonds.

*North Long Beach Senior Debt.* On September 1, 2009, the Agency entered into a Public Improvement Reimbursement Agreement, as amended (the “Harbor Agreement”) with the Board of Harbor Commissioners of the City of Long Beach (the “Harbor Board”), pursuant to which the Harbor Board expressed its intent to develop certain terminal and related facilities at the Port of Long Beach, including the installment of certain public improvements in connection therewith, and the Agency agreed to reimburse the Harbor Board up to \$13,990,653 for the costs of construction of the public improvements. The Agency’s obligations under the Harbor Agreement are payable from “Middle Harbor Additional Tax Increment Revenues,” defined in the Harbor Agreement to be the increase in property taxes paid on taxable property (including possessory interests) within a portion of the North Long Beach Project Area located in the Port of Long Beach as a result of the improvements resulting from the development contemplated by the Harbor Agreement, that are annually allocated and paid to the Agency under the Redevelopment Law, less funds required to be deposited to the Low and Moderate Income Housing Fund, payments to other taxing agencies, and allocable County administrative expenses. The North Long Beach Tax Increment Revenues include the Middle Harbor Additional Tax Increment Revenues. The Harbor Agreement contains provisions that expressly subordinate the Agency’s repayment obligations thereunder to any bonded indebtedness issued prior to September 1, 2009 (which includes the Series 2002 North Long Beach Bonds and the Series 2005 North Long Beach Bonds), and payments required to be made to other taxing agencies, but the pledge of the Middle Harbor Additional Tax Increment Revenues to secure the Agency’s repayment obligations under the Harbor Agreement is senior to the pledge of North Long Beach Tax Increment Revenues under the North Long Beach Indenture to the repayment of the Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds and any future North Long Beach Parity Debt. The Agency anticipates that, under the provisions of the Harbor Agreement, and assuming completion of the improvements contemplated by the Harbor Agreement and increases in tax increment revenues as a result thereof, it will be obligated to pay to the Harbor Board amounts of costs incurred up to \$13,990,653. Because the Agency’s obligations under the Harbor Agreement with respect to the use of Middle Harbor Additional Tax Increment Revenues are only payable from increases, if any, in tax increment revenues attributable to future development in the specific portion of the Port of Long Beach located in the North Long Beach Project Area, the Agency does not anticipate that its obligations thereunder will in any way adversely affect its obligations under the North Long Beach Indenture to repay the Series 2011 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 Series 2011 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 Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 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 Series 2011 North Long Beach Bonds, any previously issued North Long Beach Parity Debt (including the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2002 North Long Beach Bonds), any indebtedness secured by a senior line on the North Long Beach Tax Increment Revenues (including the Harbor Agreement) 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%.]

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 Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 North Long Beach Bonds or any other North Long Beach Parity Debt.

In computing the Maximum Annual Debt Service on the Series 2011 North Long Beach Bonds and on the North Long Beach Parity Debt (including the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2002 North Long Beach Bonds), 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 Series 2011 North Long Beach Bonds, any previously issued North Long Beach Parity Debt (including the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2002 North Long Beach Bonds), any indebtedness secured by a senior lien on the North Long Beach Tax Increment Revenues (including the Harbor Agreement), 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%.]

*North Long Beach Reserve Account.* In order to further secure the payment of principal and Accreted Value, if any, of and interest on the Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 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 at the time of issuance of the Series 2011 North Long Beach Bonds and the deposit of a portion of the proceeds of the Series 2011 North Long Beach Bonds will have a balance of \$[\_\_\_\_\_]. 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 Series 2011 North Long Beach Bonds, Series 2010 North Long Beach Bonds, Series 2005 North Long Beach Bonds, Series 2002 North Long Beach Bonds and any other North Long Beach Parity Debt, (b) 125% of Average Annual Debt Service of outstanding Series 2011 North Long Beach Bonds, Series 2010 North Long Beach Bonds, Series 2005 North Long Beach Bonds, Series 2002 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 Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 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 Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 North Long Beach Bonds and/or any other North Long Beach Parity Debt are insufficient to pay the principal and Accreted Value, if any, of or interest on the Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 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 the Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 North Long Beach Bonds and any other North Long Beach Parity Debt, and such amounts are not available for the payment of any other series of Series 2011 Agency 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 or Accreted Value of the Series 2011 North Long Beach Bonds, the Series 2010 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2002 North Long Beach Bonds and any other North Long Beach Parity Debt. See “APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Funds and Accounts; Application of Proceeds.”

***Security for the Series 2011 Housing Bonds.***

*Housing Tax Increment Revenues.* The term “Housing Tax Increment Revenues,” as defined in the Housing Indenture, means 20% all taxes annually allocated and deposited in the Agency’s Low and Moderate Income Housing Fund pursuant to the Redevelopment Law, which amounts are paid to the Agency with respect to each of the Redevelopment Project Areas (the Central Long Beach Project Area, the Los Altos Project Area, the North Long Beach Project Area, the Poly High Project Area and the West Beach Project Area) pursuant to the Redevelopment Law and the Constitution of the State of California,

and 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 the Business Inventory Tax Subvention. See “LIMITATIONS ON TAX REVENUES—Housing Set Aside” below.

Housing Tax Increment Revenues (subject to the prior lien of the Senior Housing Debt (as defined below)) will be pledged in their entirety to the payment of principal and Accreted Value, if any, of, premium, if any, and interest on the Series 2011 Housing 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 Housing Tax Increment Revenues that would otherwise be available to pay principal and Accreted Value, if any, of, premium, if any, and interest on the Series 2011 Housing Bonds. Likewise, broadened property tax exemptions could have a similar effect. For a further description of factors which may result in decreased Housing Tax Increment Revenues, see “CERTAIN BONDHOLDERS’ RISKS” and “LIMITATIONS ON TAX REVENUES” herein.

The Housing Indenture establishes certain funds and accounts for the Series 2011 Housing Bonds. See also “APPENDIX E—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 Housing Indenture. The funds and accounts for the Series 2011 Housing Bonds are separate and distinct from the funds and accounts for other series of Series 2011 Agency Bonds. No Housing Tax Increment Revenues or funds with respect to the Series 2011 Housing Bonds are security for other series of Series 2011 Agency Bonds, and no other Agency Tax Increment Revenues or funds established with respect to other series of Series 2011 Agency Bonds are security for the Series 2011 Housing Bonds.

*Senior Housing Debt.* Pursuant to an Indenture, dated as of May 1, 2002, (the “Senior West Beach Indenture”) between the Agency and The Bank of New York Mellon Trust Company, N.A., as successor trustee, the Agency issued the Series 2002 West Beach Bonds. In addition to tax increment revenues allocable to the West Beach Project Area, payment of up to 43.55% of the debt service due on the Series 2002 West Beach Bonds is secured by a pledge of the portion of Housing Tax Increment Revenues collected from the West Beach Project Area. The Series 2002 West Beach Bonds have a final stated maturity date of August 1, 2018. The Series 2011 Housing Bonds are payable from the portion of Housing Tax Increment Revenues collected from the West Beach Project Area after the payment of debt service on the Series 2002 West Beach Bonds and after the payment of the allocable portion of the Series 2005 Senior Housing Bonds. The Series 2002 West Beach Bonds are payable from the portion of Housing Tax Increment Revenues collected from the West Beach Project Area prior to the payment of the Series 2005 Senior Housing Bonds and the Series 2011 Housing Bonds, and the Series 2005 Senior Housing Bonds are payable from the portion of Housing Tax Increment Revenues collected from the West Beach Project Area prior to the payment of the Series 2011 Housing Bonds.

Pursuant to an Indenture of Trust, dated as of February 1, 2005, (the “Senior Housing Indenture”), between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, the Agency issued the Series 2005 Senior Housing Bonds. The Series 2005 Senior Housing Bonds are secured by a pledge of, among other tax increment revenues, the Housing Tax Increment Revenues. The Series 2005 Senior Housing Bonds have a final stated maturity date of August 1, 2040. The Series 2011 Housing Bonds are payable from the Housing Tax Increment Revenues after the payment of debt service on the Series 2005 Senior Housing Bonds. Subject to the provisions of the Senior Housing Indenture, the Agency may at any time issue or incur any loans, bonds, notes, advances or indebtedness payable from Housing Tax Increment Revenues on a parity with the Series 2005 Senior Housing Bonds (and senior to the Series 2011 Housing Bonds) or any refunding obligations pursuant to the Senior Housing Indenture (collectively “Senior Housing Parity Debt,” and collectively with the Series 2002 West Beach Bonds and

the Series 2005 Senior Housing Bonds, the “Senior Housing Debt”). The Series 2011 Housing Bonds are subordinate in all respects with respect to the payment of the Senior Housing Debt from Housing Tax Increment Revenues. See also “CERTAIN BONDHOLDERS’ RISKS—Subordinate Pledge of Housing Tax Increment Revenues.”

*Housing Parity Debt.* Subject to the provisions of the Housing Indenture, the Agency may at any time after the issuance and delivery of the Series 2011 Housing Bonds issue or incur any loans, bonds, notes, advances or indebtedness payable from Housing Tax Increment Revenues on a parity with the Series 2011 Housing Bonds or any refunding obligations pursuant to the Housing Indenture (collectively “Housing Parity Debt”). The incurrence or issuance of such Housing Parity Debt is subject to certain conditions set forth in the Housing Indenture, including the condition that the Housing Tax Increment Revenues for the then current Fiscal Year (based on the assessed valuation of property in the Redevelopment Project Areas 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 135% of the Maximum Annual Debt Service on the Series 2011 Housing Bonds, any previously issued Housing Parity Debt, any indebtedness secured by a senior lien on Housing Tax Increment Revenues (including the Senior Housing Debt) and such new Housing Parity Debt. In computing the Maximum Annual Debt Service on the Series 2011 Housing Bonds and on the Housing Parity Debt as provided in the previous sentence, principal of and interest on any Housing 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 Housing 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 135% of the sum of the amount of Maximum Annual Debt Service on the Series 2011 Housing Bonds, any previously issued Housing Parity Debt and any Housing 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 was to be applied to redeem such Housing Parity Debt.

*Housing Reserve Account.* In order to further secure the payment of principal of and interest on the Series 2011 Housing Bonds, the Housing Trustee will establish and maintain a Reserve Account (the “Housing Reserve Account”), which will initially be funded in the amount of \$\_\_\_\_\_ from a portion of the proceeds of the Series 2011 Housing Bonds. Interest earnings on amounts on deposit in the Housing Reserve Account will be retained therein until such time as the amount in the Housing Reserve Account is equal to the Housing Reserve Requirement (as defined herein). The “Housing Reserve Requirement” will be equal to the least of (a) Maximum Annual Debt Service on the outstanding Series 2011 Housing Bonds and any Housing Parity Debt, (b) 125% of Average Annual Debt Service of outstanding Series 2011 Housing Bonds and other Housing Parity Debt; or (c) 10% of the then outstanding principal amount of the Series 2011 Housing Bonds and any Housing 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 2011 Housing Bonds and/or any Housing Parity Debt are insufficient to pay the principal of or interest on the Series 2011 Housing Bonds and/or any Housing Parity Debt, the Housing Trustee will apply amounts in the Housing Reserve Account to make up any such deficiency. Any amounts on deposit in the Housing Reserve Account are for the exclusive payment of the Series 2011 Housing Bonds and any Housing Parity Debt, and such amounts are not available for the payment of any other series of Series 2011 Agency Bonds. At any time amounts on deposit in the Housing Reserve Account equal the Housing Reserve Requirement, any interest earnings on amounts on deposit in the Housing Reserve Account will be transferred to the Interest Account maintained by the Housing Trustee and used to pay interest on the Series 2011 Housing Bonds and any Housing Parity Debt. See “APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE AGENCY INDENTURES—Funds and Accounts; Application of Proceeds.”

## **Limited Obligations**

The Series 2011 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 Series 2011 Agency Bonds be payable out of any funds or properties other than those of the Agency as set forth in the Agency Indenture. The Series 2011 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 Series 2011 Agency Bonds are liable personally on the Series 2011 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 Series 2011 Agency Bonds or the interest thereon, or the Series 2011 Bonds or the interest thereon, nor is the taxing power of the City pledged for the payment of the Series 2011 Agency Bonds or the interest thereon, or the Series 2011 Bonds or the interest thereon.

## **Sale of Series 2011 Agency Bonds**

The Authority may sell the Series 2011 Agency Bonds or any portion thereof upon written direction of the Authority to the Trustee specifying the Series 2011 Agency Bonds to be sold (including the maturities and principal amounts or Accreted Values, as applicable, 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 and/or Accreted Values, as applicable, of each series of the Series 2011 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 the aggregate of the scheduled principal, Accreted Value and interest due on the portion, if any, of such Series 2011 Agency Bonds to be retained by the Trustee following such sale will be sufficient in time and amount to timely pay the principal, Accreted Value and interest due on the Series 2011 Bonds which will remain Outstanding following such sale; 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 2011A 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 2011 Bonds defeased therewith, (ii) hold and invest such amounts in any escrow fund established pursuant to the provisions described under “THE SERIES 2011 BONDS—Redemption of Current Interest Bonds—Escrows to Satisfy Asset Coverage Test,” and (iii) will cooperate with the Authority in the transfer of such Series 2011 Agency Bonds so sold to the purchaser thereof.

## **CERTAIN BONDHOLDERS’ RISKS**

The following information should be considered by prospective investors in evaluating the Series 2011 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 2011 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 Series 2011 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 Series 2011 Agency Bonds will, in all likelihood, be less than those projected herein. Unless mentioned herein, no independent third party has reviewed the estimates or assumptions made by the Agency and the Fiscal Consultant. See “APPENDIX B—FISCAL CONSULTANT REPORTS.”

## **Reduction in Assessed Values**

Tax Increment Revenues allocated to the Agency and available for payment of debt service on the Series 2011 Bonds 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 Increment Revenues, thereby impairing the ability of the Authority and the Agency to make payments of principal, Accreted Value and interest and premium, if any, when due on the Series 2011 Bonds and the Series 2011 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 (see “— Proposition 8 Adjustments” below); 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 and Other Natural Disasters” 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.

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the California Constitution (referred to below as "Proposition 13") 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 State consumer price index (the "CCPI"), comparable local data or any reduction in the event of declining property value caused by damage, destruction, or other factors as described herein. This measure is computed on a calendar year basis. In most years, the CCPI has exceeded 2% and has been reflected in the 2% Proposition 13 limitation on upward valuation adjustments. Since 1978 and prior to fiscal year 2010-11, there were five occurrences when the inflationary adjustment rate was less than 2%: fiscal years 1983-84 (1.000%), 1995-96 (1.194%); 1996-97 (1.115%); 1999-00 (1.853%); and 2004-05 (1.867%). Prior to fiscal year 2010-11 the inflationary adjustment rate had never resulted in a reduction to the prior year assessed valuation. In fiscal year 2010-11 the CCPI inflation factor was -0.237% (referred to as a "deflation factor"). A deflation factor applies to all properties in the Redevelopment Project Areas and impacts the assessed value growth rate of properties that are not sold or newly constructed, and reduce the amount of property taxes received by the Agency. The CCPI inflation factor for fiscal year 2011-12 is expected to be 0.75%.

**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 2.0% inflationary increases.** Should the assessed valuation of taxable property in the Redevelopment Project Areas not increase at the projected annual rate of 2.0%, the Agency's receipt of future tax revenues may be adversely affected. The Fiscal Consultant also has provided a "no growth" projection of the tax revenues in the Fiscal Consultant Reports to illustrate how current tax increment revenues decline over time as the plan limitations for the respective Redevelopment Project Areas become effective. See "LIMITATIONS ON TAX REVENUES—Property Tax Rate and Appropriation Limitations" and "APPENDIX B—FISCAL CONSULTANT REPORTS" 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 Tax Increment Revenues available to repay the Series 2011 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 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 and Other Natural Disasters” below.

### **Future Land Use Regulations and Growth Control Initiatives**

In the past, citizens of a number of local communities in Southern California have placed measures on the ballot designed to limit the issuance of building permits or impose other restrictions to control the rate of future growth in those areas. It is possible that future initiatives could be enacted that could be applicable to the City and have a negative impact on the ability of developers in the Redevelopment Project Areas to complete any existing or proposed development. Bond Owners should assume that any event that significantly affects the ability to develop land in the City could cause the land values within the Redevelopment Project Areas to decrease substantially and could affect the willingness and ability of the owners of land within the Redevelopment Project Areas to pay property taxes when due.

There can be no assurance that land development within the City will not be adversely affected by future governmental policies, including, but not limited to, government policies to restrict or control development. Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits prior to the adoption of such regulations.

### **Educational Revenue Augmentation Fund; State Budget**

*ERAF.* In connection with the approval of the State budget for State fiscal years 1992-93, 1993-94, 1994-95, 2002-03, 2003-04, 2004-05, 2005-06, 2008-09 and 2009-10, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency’s tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Educational Revenue Augmentation Fund (“ERAF”). The amount required to be paid by each 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.

Since Fiscal Year 1992-93, approximately \$36,687,000 of tax increment revenues from all of its redevelopment project areas has been shifted from the Agency into ERAF and SERAF (as defined below under the caption “—Fiscal Year 2009-10 State Budget”). In connection with the State budget for Fiscal Year 2010-11, an estimated \$6,076,852 of tax increment will be shifted from the Agency into SERAF in Fiscal Year 2010-11. The Agency plans to pay this amount from existing funds on hand. The Agency does not anticipate that the payment of this amount will affect the ability of the Agency to pay debt service on the Series 2011 Agency Bonds. However, if the Agency is required to shift additional tax increment or to make additional payments to SERAF in the future, the Agency cannot predict if such

shifts or payments will have a negative adverse impact on the Agency's ability to pay debt service on the Series 2011 Agency Bonds.

***Fiscal Year 2008-09 State Budget.*** On September 24, 2008, the State Legislature adopted, and the Governor of the State signed, a bill known as Assembly Bill 1389, Chapter 751, Statutes 2008 ("AB 1389"). Among other things, AB 1389 required redevelopment agencies to pay into ERAF prior to May 10, 2009 an aggregate amount of \$350,000,000, of which the Agency was to pay approximately \$6,070,996. Such payment obligations were to be subordinate to payments on bonds secured by tax increment revenues.

The validity of AB 1389 was challenged in litigation in the Superior Court for the State of California, County of Sacramento, in California Redevelopment Association et al v. Genest et al (Case No. 34-2008-00028334). This case alleged, among other things, that the required deposit of redevelopment funds to ERAFs are unconstitutional and therefore unlawful and unenforceable. The suit argued that the State raids of redevelopment funds to balance the State budget are unconstitutional, violating Article XVI, Section 16 of the California Constitution, which states that redevelopment funds can only be used to finance redevelopment projects. The lawsuit contended that taking redevelopment funds to balance the State's budget does not qualify as a constitutionally permitted use of tax increment. On April 30, 2009, the Superior Court ruled in favor of the petitioners, holding that the petitioners are entitled to declaratory and injunctive relief invalidating and enjoining AB 1389. The court stated that while the use of tax increment revenues to maintain schools within a redevelopment agency's project area could be found to serve a proper redevelopment purpose, it could not reasonably be found to do so when tax increment is used to maintain schools outside the redevelopment agency's project area. On September 23, 2009, the State filed a notice of abandonment of its appeal to the court, so that the court's judgment became final and no longer subject to appeal on that date.

***Fiscal Year 2009-10 State Budget.*** In connection with legislation related to the State's fiscal year 2009-10 budget, in late July 2009, the State Legislature adopted, and the Governor of the State signed, Chapter 21, Statutes of 2009-10 Fourth Extraordinary Session (AB 26). Such legislation was subsequently amended in November 2009 by Chapter 652, Statutes of 2009 (S13 68) (as amended, the "2009 SERAF Legislation").

The 2009 SERAF Legislation mandates that redevelopment agencies make deposits to the Supplemental Educational Revenue Augmentation Fund ("SERAF") that is established in each county treasury the aggregate amounts of \$1.7 billion prior to May 10, 2010 and \$350 million prior to May 10, 2011.

Pursuant to the 2009 SERAF Legislation, redevelopment agencies may make the required SERAF deposits from any funds that are legally available and not legally obligated for other uses, including reserve funds, proceeds of land sales, proceeds of bonds or other indebtedness, lease revenues, interest and other earned income. The 2009 SERAF Legislation also provides that redevelopment agencies may borrow from the amounts required to be allocated to their Low and Moderate Income Housing Funds to make the required SERAF deposits for Fiscal Year 2009-10.

On May 10, 2010, the Agency deposited into SERAF the amount of \$29,516,137 as its SERAF payment for Fiscal Year 2009-10 (the "Agency 2010 SERAF Amount"). The Agency's 2010 SERAF Amount included \$2,780,004 of Central Long Beach Tax Increment Revenues, \$4,265,409 of moneys borrowed from the Agency's Low and Moderate Income Housing Fund allocable to the Central Long Beach Project Area, \$1,181,423 of North Long Beach Tax Increment Revenues and \$9,052,825 of moneys borrowed from the Agency's Low and Moderate Income Housing Fund allocable to the North Long Beach Project Area. The Agency is required to repay the money borrowed from the Agency's Low



and Moderate Income Housing Fund to pay the Agency 2010 SERAF Amount by June 30, 2015. The Agency believes it will have sufficient funds to repay the money borrowed from the Agency's Low and Moderate Income Housing Fund to pay the Agency 2010 SERAF Amount.

The Agency's required Fiscal Year 2010-11 payment pursuant to the 2009 SERAF Legislation will be approximately \$6,076,852 (the "Agency 2011 SERAF Amount"). The Agency expects to pay the Agency 2011 SERAF Amount from existing funds on hand.

The 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness. Health and Safety Code Section 33690(a)(3), which was added by the 2009 SERAF Legislation, states: "The obligation of any agency to make the payments required pursuant to this subdivision shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal, or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code."

In addition, the 2009 SERAF Legislation imposes various restrictions on redevelopment agencies that fail to timely make the required SERAF payments, including: (a) a prohibition on adding or expanding project areas; (b) a prohibition on the incurrence of additional debt; (c) limitations on the encumbrance and expenditure of funds, including funds for operation and administration expenses; and (d) commencing with the July 1 following the due date of a SERAF annual payment that is not timely made, the allocation of an additional 5% of all taxes that are allocated to the redevelopment agency under the Redevelopment Law for low and moderate income housing for the remainder of the time that the applicable redevelopment agency receives allocations of tax increment under the Redevelopment Law. The 5% additional housing set-aside penalty provision referred to in the 2009 SERAF Legislation (the "Penalty Set-Aside Requirement") would be in addition to the 20% of such tax increment already required to be deposited in the low and moderate income housing fund. A redevelopment agency that borrows from amounts required to be allocated to its low and moderate income housing fund or any moneys in such fund, or both, to make required SERAF payments, but does not timely repay the funds, may also be subject to the Penalty Set-Aside Requirement.

In October 2009, the California Redevelopment Association filed a lawsuit to challenge the 2009 SERAF Legislation (the "2009 SERAF Litigation"). On May 4, 2010, the court upheld the 2009 SERAF Legislation and stated that under the 2009 SERAF Legislation there is a reasonable basis in fact relating to the achievement of economic and social redevelopment objectives to use the SERAF payments to maintain school programs in redevelopment areas. The challengers to the 2009 SERAF Legislation have appealed the court's decision. The Agency cannot predict the outcome of the 2009 SERAF Litigation.

The 2009 SERAF Legislation provides that when a redevelopment agency has allocated the full amount of a required SERAF payment, the legislative body may amend a redevelopment plan to extend by one year the time limits on the effectiveness of the plan and the repayment of indebtedness (the "SERAF Extension"). As of March [ ], 2011, the Agency had not taken any steps to amend any redevelopment plans. Under the Redevelopment Law, the SERAF Extension also has the effect of extending by one year the time limit to receive property taxes.

On November 2, 2010, the voters of the State approved a ballot initiative known as Proposition 22, pursuant to which the State is prohibited from shifting, taking, borrowing or restricting the use of tax revenues dedicated by law to, among other things, funding redevelopment agencies and other local government services. Although the passage of Proposition 22 will have no impact upon the Agency's obligation to pay the Agency 2011 SERAF Amount, the State Legislative Analyst's Office (the "LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the Legislature, has

stated that the measure prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. No assurance can be provided that Proposition 22 will be implemented as contemplated by the LAO. In addition, Proposition 22 is subject to interpretation by the courts and there can be no assurance that the measure will not be challenged by the State or other parties or repealed by the voters of the State in the future.

***Proposed Fiscal Year 2011-12 State Budget; Proposals to Eliminate Redevelopment Funding Mechanisms.***

**Proposed Fiscal Year 2011-12 State Budget.** On December 6, 2010, Governor Schwarzenegger called an emergency session of the Legislature to address the \$6.1 billion projected deficit for fiscal year 2010-11. During budget briefings held in December 2010, then Governor-elect Jerry Brown announced that the projected deficit through June 30, 2012 had likely grown from the \$25.1 billion reported in the Fiscal Outlook Report to approximately \$28 billion.

On January 3, 2011, Jerry Brown was sworn in as Governor and on January 10, 2011, the Governor released the Proposed 2011-12 Budget. The Proposed 2011-12 Budget is designed to address an estimated budget shortfall of \$25.4 billion in the fiscal year 2011-12 California State Budget. The budget shortfall consists of an \$8.2 billion projected deficit for fiscal year 2010-11 and a \$17.2 billion gap between projected revenues and spending in fiscal year 2011-12. The Governor's proposal includes approximately \$12.5 billion in budget cuts, \$12 billion in tax extensions and changes, and \$1.9 billion in other solutions. The Governor is calling for a statewide special election in June to extend for five more years tax measures currently set to expire.

**LAO Overview of Proposed 2011-12 Budget.** On January 12, 2011, the LAO released its report on the Proposed 2011-12 Budget entitled "2011-12 Budget: Overview of the Governor's Budget" (the "LAO Overview"). In the LAO Overview, the LAO agreed that the \$25.4 billion State budget shortfall estimated in the Proposed 2011-12 Budget was a reasonable estimate. In the LAO Overview, the LAO concurs with the Governor that the major reasons for the current State budget shortfall include the inability of the State to achieve certain previous budget measures, the expiration of various one-time and temporary budget measures approved in recent years, and the failure of the State to obtain significant additional federal funding for key programs. Generally, the LAO Overview recognizes that the Proposed 2011-12 Budget includes proposals impacting nearly every area of the fiscal year 2011-12 State budget and that the Proposed 2011-12 Budget is a good starting point for legislative deliberations, recognizing that the focus on multiyear and ongoing measures are necessary to make substantial improvements in the State's budgetary situation. The LAO Overview supports the extension of the four temporary tax increases (originally adopted in February 2009) to voters in a June 2011 special election and to the restructuring of the State/local relationship in the delivery of services by shifting funding and responsibility to local governments for those services. The LAO Overview responds favorably to the Proposed 2011-12 Budget proposals to "realign" State and local program responsibilities and to the proposed changes in local economic development efforts. Nonetheless, the LAO believes there are significant risks in the Proposed 2011-12 Budget, especially in the context of the realignment and redevelopment proposals which involve many unresolved legal, financial and policy issues. The LAO Overview concludes that the State Legislature will have to make difficult decisions on both its spending and tax commitment and that the Proposed 2011-12 Budget also presents an opportunity to reorder State and local government functions to improve the delivery of public services.

The LAO Overview is available on the LAO website at [www.lao.ca.gov](http://www.lao.ca.gov). Neither the Authority nor the Agency take any responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference.

**Terminate Redevelopment Funding Mechanisms.** The Proposed 2011-12 Budget proposes elimination of the current funding mechanism for redevelopment agencies (the “RDA Provisions”), although in the Proposed 2011-12 Budget only limited details are provided for such a proposal. The RDA Provisions, if adopted, would prohibit existing agencies from creating new contracts or obligations effective upon enactment of urgency legislation. By July 1, 2011, existing agencies would be disestablished and successor local agencies would be required to use the tax increment revenues that redevelopment agencies would otherwise have received to retire redevelopment agency debts and contractual obligations “in accordance with existing payment schedules.” The RDA Provisions would divert what was estimated in the Proposed 2011-12 Budget as \$1.7 billion in fiscal year 2011-12 to offset State General Fund costs for Medi-Cal and trial courts. An additional estimated \$210 million would be distributed on a one-time basis to cities, counties, and special districts proportionate to their current share of the countywide property tax.

The RDA Provisions propose that, after fiscal year 2011-12, the money available after payment of the redevelopment agency debt and contractual obligations would be distributed to schools, counties, cities, and non-enterprise special districts for general uses.

As to Low and Moderate Income Housing Fund balances, the Proposed 2011-12 Budget provides that amounts in the redevelopment agency’s balances reserved for low-moderate income housing would be shifted to local housing authorities for low and moderate income housing.

The Proposed 2011-12 Budget does not reference any impact regarding application of bond proceeds. If implementation of the Proposed 2011-12 Budget includes a provision regarding expenditure of bond proceeds, the “contracts clause” referenced below may restrict reallocation of such funds.

Implementation of the Proposed 2011-12 Budget, including the RDA Provisions, will require implementing legislation by the Legislature and perhaps voter approval as to certain material elements and may include terms which are not yet proposed which are material to the Agency and the Series 2011 Bonds.

**Senate and Assembly Committee Meetings on February 18, 2011.** On February 18, 2011, the Senate Committee on Budget and Fiscal Review adopted the Governor’s general framework for balancing the budget, including the disestablishment of redevelopment agencies for expenditure savings of \$1.7 billion with funding for redevelopment agencies continuing as necessary to retire outstanding debt. Also on February 18, 2011, the Assembly Committee on Budget adopted its version of the budget which includes the General Fund savings of the Governor’s plan, but reflects that the final budget crafted by the Budget Conference Committee of the Senate and Assembly may achieve the savings through reforms of redevelopment in lieu of elimination of redevelopment agencies. Further details may be developed in the Budget Conference Committee meeting which began on February 23, 2011, with a vote on budget legislation which may include provisions affecting redevelopment agencies estimated to occur sometime during the first two weeks of March 2011.

**Trailer Bill Language Released February 23, 2011.** As described above, the Proposed 2011-12 Budget included a provision that would eliminate all redevelopment agencies in California starting on July 1, 2011. Draft trailer bill language which would implement this proposal was released by the Department of Finance of the State on February 23, 2011 (the “Trailer Bill Language”). As of March [ ], 2010, the Agency is not aware that the Trailer Bill Language has been formally introduced, but the Agency understands that the Trailer Bill Language could be introduced and taken up by the Conference Committee soon. No assurance can be given whether or not the Trailer Bill Language will be introduced, and if introduced, whether it will be enacted in its present form, or at all.

The Trailer Bill Language is styled as an urgency measure, which requires a two-thirds affirmative vote of each house of the State Legislature for passage, and which would become effective immediately upon passage and signature by the Governor. It is possible that, if the Trailer Bill Language is included as a part of a budget package passed by the Legislature, it could be passed with a simple majority vote approval and still become effective immediately. The Trailer Bill Language makes it clear that certain provisions will not be effective until the date of enactment, including provisions which prohibit issuing bonds, that other provisions will not be effective until July 1, 2011, and that other provisions will apply differently to actions of redevelopment agencies taken prior to January 1, 2011, than to actions taken on and after that date.

The Trailer Bill Language, if enacted in its present form, would prohibit as of its effective date redevelopment agencies from, among other things:

- incurring new or expanding existing monetary or legal obligations unless specifically provided for in the Trailer Bill Language. These prohibitions include the issuance of bonds and other obligations, and refinancing or restructuring indebtedness existing as of January 1, 2011 (except in limited circumstances);
- entering into new contracts for redevelopment activities;
- modifying terms and conditions of existing agreements, obligations or commitments;
- expending funds except for certain authorized purposes; and
- disposing of assets.

The Trailer Bill Language would establish successor agencies (in the case of the Agency, the successor agency would be the City under the current form of the Trailer Bill Language) to administer each redevelopment agency's existing "enforceable obligations" and would establish a series of special funds to effectuate the payments of such obligations and administer the transfer of property taxes to other local entities and the disposition of an agency's other assets such as real property and cash. As defined in the Trailer Bill Language, "enforceable obligations" include bonds, debt service on bonds, reserve set-asides and other payments required under an indenture governing the issuance of outstanding bonds of the former redevelopment agency. The Trailer Bill Language states that it is the intent of the Legislature to "[r]equire the protection of contractual rights by successor agencies, which will be required to retire redevelopment agency debts in accord with existing payment schedules. No existing contractual obligations will be impaired." (Trailer Bill Language Section 1(k)(4).)

Under the Trailer Bill Language, the county or city that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency or may designate its local housing authority to perform such functions. If a county or city elects to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, along with any amounts in the low and moderate income housing fund shall be transferred to such city, or county, or city and county. The Trailer Bill Language is silent regarding the question of whether a county or a city that elects to retain the responsibility for performing housing functions previously performed by a redevelopment agency would have the power to enter into new contracts and agreements regarding the expenditure of amounts on deposit in the low and moderate income housing fund. Under the Trailer Bill Language, certain housing functions are subject to oversight by an oversight committee (described below).

The Trailer Bill Language specifically provides that: "Any legally binding obligations that were entered into with a pledge of tax increment shall continue to have the revenues that were formerly tax increment and which are deposited into the Redevelopment Obligation Retirement Fund. It is intended that such pledges and payment streams continue to be protected under law and that the cessation of the agency shall not effect [sic] either the pledge, the legal existence of that pledge, nor the stream of revenue available to make good on that pledge." (Trailer Bill Language Section 34175(a).) Successor agencies are required to continue to make payments due for enforceable obligations. The successor agency established to take over the redevelopment agency's powers and obligations will be the entity responsible for making sure those rights are protected and that the lien is honored.

The Trailer Bill Language changes the mechanism by which property tax revenue from the Redevelopment Project Areas is allocated and accounted for, providing for the county auditor-controller to allocate moneys in each Redevelopment Property Tax Trust Fund in the priority described below (see Trailer Bill Language Section 34183), including the allocation of amounts to be used to pay debt service on obligations, such as amounts for debt service on the Series 2011 Bonds, and having the successor agency being required to continue "to make payments for enforceable obligations." (Trailer Bill Language Section 34177(a)).

The priority and timing for allocation by a county auditor-controller of moneys from a "Redevelopment Property Tax Trust Fund" in fiscal year 2011-12, is as follows:

(1) First, to each local agency, school or community college district in an amount equal to what would have been received pursuant to certain specified state law provisions or pass-through agreements that were entered into prior to January 1, 1994 and that would be in force in 2011-12 but for operation of the Trailer Bill Language, if the redevelopment agency were in existence (such payments to be made no later than December 31, 2011 and June 1, 2012);

(2) Second, to the Public Health and Safety Fund in an amount not to exceed \$1.7 billion on a statewide basis specified by the Director of the Department of Finance from the amounts deposited in the Redevelopment Property Tax Trust Fund comprised of the revenues that would otherwise have been allocated to each redevelopment agency, but for the operation of the Trailer Bill Language after needs for enforceable obligations and pass through amounts are taken into account (such transfers to occur on January 2, 2012 and June 1, 2012, or any later date specified by the Director of the Department of Finance);

(3) Third, on January 2, 2012 and June 1, 2012, to successor agencies for payments listed in the recognized obligation payment schedule for the six-month fiscal period beginning January 1 or July 1, 2012, in the following priority order: (A) debt service payments scheduled to be made for tax allocation bonds, (B) payments scheduled to be made on revenue bonds, but only to the extent the revenues pledged for them are insufficient to make the payments and only where the agency's tax increment revenues were also pledged for the repayment of such bonds, and (C) payments scheduled for other debts and obligations listed in the recognized obligation payment schedule that are required to be paid from former tax increment revenue.

(4) Fourth, on January 2, 2012 and June 1, 2012, to each successor agency for administrative costs set forth in an approved administrative budget for those payments required to be paid from former tax increment revenues; and

(5) Fifth, on January 2, 2012 and June 1, 2012, any moneys remaining in the Redevelopment Tax Trust Fund after the payments and transfers authorized by paragraphs (1) through (4), inclusive, shall be distributed to cities, counties, and non-enterprise special districts

in accordance with the provisions of the Trailer Bill Language. If a successor agency is other than the agency that formed a redevelopment agency, the share that would have been allocated to that agency shall instead be allocated to the agency that is the successor agency. If a local agency other than the county auditor-controller has accepted responsibility for administering the Public Health and Safety Fund in a county, the county share shall be allocated to that local agency.

If the successor agency reports, no later than December 1, 2011 and May 1, 2012, to county auditor-controller that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations are insufficient to fund the payments required in the next six month fiscal period, the county auditor-controller shall notify the State Controller and the Department of Finance no later than December 10, 2011 and May 10, 2012. The county auditor shall verify whether the successor agency will have sufficient funds from which to service debts according to the schedule and shall report the findings to the State Controller. If the State Controller concurs that there are insufficient funds to pay required debt service, the amount of such deficiency shall be deducted first from the amount remaining to be distributed to taxing entities pursuant to paragraph (5) above, and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraph (4) and third from amounts available for allocation to the Public Health and Safety Fund. If an agency made pass-through payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for pass-through payments under paragraph (1) above, as provided by applicable State law, if the amounts remaining to be distributed to taxing entities pursuant to paragraph (5) above, the amounts available for distribution for administrative costs in paragraph (4) above and the amounts available for allocation to the Public Health and Safety Fund have all been exhausted.

The Trailer Bill Language provides that the successor agency shall make payments for enforceable obligations using tax increment funds only when no other funding source (such as rents, loan repayments, or assistance from the federal or state government, among other things) is available or when payment from current property tax revenues is required by an enforceable obligation.

Successor agencies are required to prepare draft recognized obligation payment schedules for the enforceable obligations of the former redevelopment agency and such recognized obligation payment schedules must be forward looking to the next six months, certified by an external auditor, approved by the oversight committee, and submitted to the county auditor-controller, the State Controller's Office and the Department of Finance.

The specific effects of the Trailer Bill Language, if enacted in its present form, on the overall administration of the Series 2011 Agency Bonds and the related documents, including the Agency Indentures and any continuing disclosure certificate and including the timing for payment of debt service on the Series 2011 Agency Bonds, cannot be determined at this time.

The Trailer Bill Language also proposes the establishment of a seven-member oversight committee to monitor and approve the activities of each successor agency. Only one member of the oversight committee may be selected by the city that formed the redevelopment agency. The remaining members are to be selected by the applicable county, county superintendent of education and largest non-enterprise special district in the territory of the former redevelopment agency (or by the Governor if positions are not otherwise filled). The result of this make up of the oversight committee is that its actions may not be in the best interest of, and may be adverse to, the former redevelopment agency or the city that formed the redevelopment agency and the owners of the redevelopment agency's bonds.

The Trailer Bill Language lengthens the statute of limitations to challenge various actions by the Agency taken after January 1, 2011, including the issuance of the Series 2011 Agency Bonds, from 90 days to three years and requires audits of each redevelopment agency. While the Agency does not believe there is any defect in the proceedings for the issuance of the Series 2011 Agency Bonds that could give rise to a successful challenge, and Bond Counsel is providing its opinions with respect to the Series 2011 Agency Bonds and the Series 2011 Bonds, due to the heightened scrutiny that may occur with respect to redevelopment agency activities, there is an increased risk of a legal challenge relating to or affecting the proceedings for the Series 2011 Agency Bonds and the Series 2011 Bonds and any such challenge could affect the market price of the Series 2011 Bonds.

Interpretation of the wording and effect of the Trailer Bill Language is subject to varying opinions. It appears that if enacted as drafted in its present form and if found to be legal and enforceable by the courts in the event of a court challenge, the legislation will include provisions having the effect of barring redevelopment agencies from entering into certain contracts and, in some circumstances, expending funds after the effective date of the legislation. These provisions, as well as possibly other provisions, may limit the Agency's or the successor agency's future ability to spend the proceeds of the Series 2011 Bonds. The existence and/or extent of such limitations cannot be determined at this time. The Authority has covenanted in the Indenture and the Agency has covenanted in the Agency Indentures to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2011A Bonds.

The Trailer Bill Language implements its intended purposes through a complex series of provisions, and appears to contain several inconsistencies and drafting problems which will possibly result in revisions prior to enactment. Neither the Authority nor the Agency can predict whether changes will be made to the Trailer Bill Language or whether the Trailer Bill Language in any form will be enacted.

The Trailer Bill Language states that it is the intent of the Legislature to "Require the protection of contractual rights by successor agencies, which will be required to retire redevelopment agency debts in accord with existing payment schedules. No existing contractual obligations will be impaired." (Trailer Bill Language Section 1(k)(4).) The Trailer Bill Language also states that "Nothing herein shall be construed to interfere with an agency's authority to (1) make payments due, (2) enforce existing covenants and obligations or (3) perform its obligations, all pursuant to enforceable obligations as defined in [the Trailer Bill Language]." (Trailer Bill Language Section 34167(e).)

The full text of the Trailer Bill Language may be obtained from the State of California Department of Finance at the following web link:

[http://www.dof.ca.gov/budgeting/trailer\\_bill\\_language/financial\\_research\\_and\\_local\\_government/documents/502%20RDA%20Legislation%202-23p.pdf](http://www.dof.ca.gov/budgeting/trailer_bill_language/financial_research_and_local_government/documents/502%20RDA%20Legislation%202-23p.pdf).

The link to the Trailer Bill Language is provided for convenience and is not a part of nor incorporated into this Official Statement.

It is possible that Proposition 22, which amended the State Constitution to prohibit state diversion of redevelopment agency revenues generally, will affect the State's ability to implement the RDA Provisions. It is possible that the Governor and the Legislature may seek voter approval of changes to the terms of Proposition 22 that are in conflict with the Proposed 2011-12 Budget, including the RDA Provisions and/or the Trailer Bill Language.

**Ultimate Implementation Cannot Be Predicted.** Neither the Authority nor the Agency can predict the timing, terms or ultimate implementation of any such final legislation or voter initiative measures, or the impact on the Agency, the Series 2011 Bonds or the Series 2011 Agency Bonds of any proposed, interim or final legislative and constitutional changes which may be adopted arising out of the Proposed 2011-12 Budget. *See “Right to Terminate Bond Purchase Agreements Prior to Issuance of Series 2011 Bonds” below for a description of circumstances under which the Authority has the right under the respective bond purchase agreements to not proceed in issuing the Series 2011 Bonds due to legislative budget proposals.*

**Potential Impact on the Agency, the Series 2011 Agency Bonds and the Series 2011 Bonds.** There are a variety of ways in which the Proposed 2011-12 Budget, the RDA Provisions and/or the Trailer Bill Language, if adopted, could impact the Agency, the Series 2011 Agency Bonds and the Series 2011 Bonds, although neither the Authority nor the Agency are able to predict the full variety or extent of these impacts, and the impacts will vary greatly depending on the final terms of laws adopted to implement the Proposed 2011-12 Budget, the RDA Provisions and/or the Trailer Bill Language:

(a) The RDA Provisions and/or the Trailer Bill Language, if adopted, could impact the Agency’s activities and programs generally and could reduce or eliminate its fund balances and staffing.

(b) The RDA Provisions and/or the Trailer Bill Language, if adopted, could affect the Agency’s compliance with and performance under existing contracts and obligations.

(c) Subject to certain “contract clause” protections described below, the RDA Provisions and/or the Trailer Bill Language could affect the Authority’s and the Agency’s compliance with and performance under the terms of the Indenture, the Series 2011 Bonds, the Agency Indentures and the Series 2011 Agency Bonds. These impacts could relate to what successor entity utilizes property taxes the Agency would otherwise have received to repay the Series 2011 Agency Bonds if the Agency is “disestablished,” the amount or availability of Agency Tax Increment Revenues and Housing Tax Increment Revenues for the Series 2011 Agency Bonds and the Series 2011 Bonds, and other uses, the manner of application of Agency Tax Increment Revenues and Housing Tax Increment Revenues to debt service, the flow of funds as described herein, the use of Series 2011 Bond proceeds and Series 2011 Agency Bond proceeds to fund new projects and compliance with Indenture and Agency Indentures covenants, continuing disclosure and other matters.

(d) Pending final adoption of laws to implement the RDA Provisions and/or the Trailer Bill Language, interim proposals could affect the activities of the Agency and the value of the Series 2011 Bonds.

(e) The RDA Provisions and/or the Trailer Bill Language if adopted and implemented, most significantly the elimination of redevelopment agencies and the redeployment of tax increment revenues affecting redevelopment agencies, would almost certainly raise legal and practical issues, some of which may be subject to litigation and ultimate resolution in the courts, or subsequent legislative action. These issues could affect the Authority and the Agency and their compliance with the terms of the Indenture, the Series 2011 Bonds, the Agency Indentures and the Series 2011 Agency Bonds, as applicable, and resolution of these issues could involve expense and delay or modification of certain of the rights of Bondholders in ways that neither the Authority nor the Agency can predict.



**Right to Terminate Bond Purchase Agreements Prior to Issuance of Series 2011 Bonds.**

After execution by the Authority and the Underwriters of the bond purchase agreements relating to the Series 2011 Bonds, the Authority has the right under the bond purchase agreements to not proceed in issuing the Series 2011 Bonds if the Authority determines (and provides written notice to the Underwriters) that legislation has been introduced or proposals made by the Governor of the State or if legislation is enacted which would impose additional materially adverse limitations or burdens on the Authority and the Agency by reason of the issuance of the Series 2011 Bonds and the Series 2011 Agency Bonds or which purport to prohibit the issuance of the Series 2011 Bonds or the Series 2011 Agency Bonds.

**Constitutional Protections.** The Authority and the Agency believe that constitutional protections against the impairment of contracts will prevent the proposed actions in the RDA Provisions and/or the Trailer Bill Language from adversely affecting the validity of the Series 2011 Bonds and the Series 2011 Agency Bonds or the pledge of the Agency Tax Increment Revenues and the Housing Tax Increment Revenues to secure the payment of the Series 2011 Bonds and the Series 2011 Agency Bonds and, in this vein, the RDA Provisions and/or the Trailer Bill Language purport to provide for the payments by successor entities of existing redevelopment agencies' "debts and contractual obligations."

Article I, section 10 of the United States Constitution provides that "No state shall ... pass any ... law impairing the obligation of contracts." Article I, section 9 of the State Constitution provides that a "law impairing the obligation of contracts may not be passed." Each of these provisions is generally referred to as a "contracts clause." Federal courts have applied a fact-based three-part test to determine whether a state law violates the federal contracts clause. In general, the test compares any impairment against the significant and legitimate public purpose behind the state law; there is no absolute prohibition against impairment.

Neither the Authority nor the Agency can predict the applicable scope of "contract clause" protections to the Series 2011 Bonds and the Series 2011 Agency Bonds and the RDA Provisions and/or the Trailer Bill Language as they may ultimately be implemented. Protection of the rights of Bondholders and enforcement of the terms of the Indenture and the Agency Indentures, if necessary, could involve expense and delay including with respect to the determination of the applicable scope of the "contract clause" provisions. Should legislation be introduced adversely impacting the Agency's receipt of Agency Tax Increment Revenues or Housing Tax Increment Revenues or the Authority's or the Agency's ability to issue the Series 2011 Bonds and/or the Series 2011 Agency Bonds, respectively, or impose additional limitations or burdens on the Authority or the Agency by reason of the issuance of the Series 2011 Bonds and/or the Series 2011 Agency Bonds, the Authority has the right under the respective bond purchase agreements with the Underwriters to not proceed in issuing the Series 2011 Bonds.

**Future State Action.** Neither the Authority nor the Agency can predict what actions will be taken in the future by the voters of the State, the State Legislature and the Governor to deal with changing State revenues and expenditures and the repercussions they may have on the current fiscal year State Budget, the Proposed 2011-12 Budget and future State budgets, or their impact on the Agency. These developments at the State level, whether related to the Proposed 2011-12 Budget or not, may, in turn, affect local governments and agencies, including the Agency. Even if the proposals affecting the Agency in the Proposed 2011-12 Budget are not adopted, the State Legislature may adopt other legislation from time to time requiring redevelopment agencies to make other payments to ERAF or SERAF or to make other payments. The impact that current and future State fiscal shortfalls will have on the Agency is unknown at this time. In prior years, the State has experienced budgetary difficulties and as in the Proposed 2011-12 Budget, balanced its budget by requiring local political subdivisions, such as the County, the City and the Agency, to fund certain costs previously borne by the State.

**Information About the State Budget and the State.** Information about the Proposed 2011-12 Budget and State spending is regularly available at various State maintained internet sites. Text of the Proposed 2011-12 Budget may be found at the internet site of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget.” An analysis of the Proposed 2011-12 Budget is posted by the LAO at [www.lao.ca.gov](http://www.lao.ca.gov). Neither the Authority nor the Agency take any responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference.

### **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 Agency Tax Increment Revenues and the Housing Tax Increment Revenues, and accordingly, could have an adverse impact on the ability of the Agency to pay debt service on the Series 2011 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 Accreted Value of and/or interest on the Series 2011 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 2011 BONDS—Security for the Series 2011 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 of property determined by the County Assessor. An appeal may result in a reduction to the County Assessor’s original taxable value and a tax refund to the applicant property owner. An assessee may contest either (i) the original determination of the “base assessment value” of a parcel (i.e., the value assigned after a change of ownership or completion of new construction), or (ii) the “current assessment value” (i.e., the value as determined by the County Assessor, which may be no more than the base assessment value plus the compounded 2% annual inflation factor) when specified factors have caused the market value of the parcel to drop below current assessment value. At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sales transaction or the recently completed improvement. A successful appeal of the base assessment value of a parcel has significant future revenue impacts, because a reduced base year assessment will reduce the compounded future value of the taxable value of the property prospectively. Except for the 2% inflation factor, the value of the property cannot be increased until a change in ownership occurs or additional improvements are added. Reductions in taxable values in the Redevelopment Project Areas resulting from successful appeals by property owners will reduce the amount of Agency Tax Increment Revenues and Housing Tax Increment Revenues available to pay the principal and Accreted Value of and interest on the Series 2011 Bonds.

The County Assessor’s Office has proactively reduced assessed values for thousands of parcels in the County. See “—Proposition 8 Reassessments” below. In addition, there are a number of pending property owner assessment appeals with respect to parcels in the Redevelopment Project Areas. See “APPENDIX A—THE AGENCY AND THE PROJECT AREAS.” No assurance can be given that there will not be additional actions by the County Assessor to reduce assessed value of parcels in the County, some of which may be in the Redevelopment Project Areas, or that there will not be additional property

owner assessment appeals for parcels in the Redevelopment Project Areas. Reductions in taxable values in the Redevelopment Project Areas resulting from successful appeals by property owners and Proposition 8 reductions will reduce the amount of Agency Tax Increment Revenues and Housing Tax Increment Revenues available to pay the principal and Accreted Value of and interest on the Series 2011 Bonds. In its projection of Agency Tax Increment Revenues and Housing Tax Increment Revenues, the Fiscal Consultant has assumed that every identified appeal will result in an assessed value reduction and tax refund. See Section 4 of "APPENDIX B—FISCAL CONSULTANT REPORTS—FISCAL CONSULTANT REPORT—NORTH REDEVELOPMENT PROJECT AREA & CENTRAL REDEVELOPMENT PROJECT AREA" and Section 4 of "APPENDIX B—FISCAL CONSULTANT REPORTS—FISCAL CONSULTANT REPORT—HOUSING SET ASIDE."

### **Proposition 8 Adjustments**

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

Section 4.1 of the North/Central Fiscal Consultant Report in Appendix B entitled "Proposition 8 Temporary Decline in Value" and Section 4.1 of the Housing Fiscal Consultant Report in Appendix B entitled "Proposition 8 Temporary Decline in Value" contain information provided by the County Assessor regarding Proposition 8 reductions for properties located throughout the County. The Fiscal Consultant reports that, in 2009, the County Assessor proactively reviewed over 473,000 residential parcels County-wide to determine if they qualified for a decline in assessed value, and of the properties reviewed, approximately 333,000 properties received reductions in their taxable value. As reported by the County Assessor, the average adjustment in assessed value was \$120,000. For 2010, the County Assessor proactively reviewed the value of single-family residences and condominiums purchased between July 1, 2003 and June 30, 2009 that were not previously reviewed and granted the temporary decline in value adjustment. There is no readily available information with respect to the number of parcels located in the Redevelopment Project Areas with reduced assessed values as a result of the County Assessor's actions. Any possible future Proposition 8 reductions for properties in the Redevelopment Project Areas as a result of such review have not been taken into account in the tax increment projections in the Fiscal Consultant Reports in Appendix B.

### **Property Tax Payment Delinquencies**

Delinquencies in the payment of tax bills recently have increased throughout California. While the Agency expects to receive revenues from paid delinquent taxes and penalties, which are allocated in part on an apportionment basis (one percent taxes) and in part on the basis of payments actually assignable to Redevelopment Project Area properties, but there is no guaranty that the Agency will receive property tax payment delinquencies in the Redevelopment Project Area in the future. See

“LIMITATIONS ON TAX REVENUES—Property Tax Collection Procedures” herein. Further, a significant increase in delinquencies could result in a reduction of Agency Tax Increment Revenues and Housing Tax Increment Revenues, which could impair the ability of the Authority to make payments of principal and Accreted Value of and interest on the Series 2011 Bonds when due.

### **Limitations on Agency Tax Increment Revenues**

The Series 2011 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 and Accreted Value of and interest on the Series 2011 Agency Bonds is affected by several factors, including but not limited to those discussed in the section “LIMITATIONS ON TAX REVENUES” below.

### **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 also are 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 2011 Bonds and the Series 2011 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 2011 Bonds and the Series 2011 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 and Housing Tax Increment Revenues. Such a delay would increase the possibility of a delay or default in payment of the

principal and Accreted Value of and interest on the Series 2011 Agency Bonds and the Series 2011 Bonds.

### **Separate Security; Default of Series 2011 Agency Bonds**

Each respective series of Series 2011 Agency Bonds has its own separate security, which security does not constitute security for any other series of Series 2011 Agency Bonds. No Agency Tax Increment Revenues, Housing Tax Increment Revenues or funds with respect to any series of Series 2011 Agency Bonds are security for any other series of Series 2011 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 either of the other such entities.

A default in the payment of debt service on the Series 2011 Central Long Beach Bonds, the Series 2011 North Long Beach Bonds or the Series 2011 Housing Bonds constitutes an event of default only under that respective series of Series 2011 Agency Bonds, as the case may be. A default under one series of Series 2011 Agency Bonds does not constitute a default under one or all of the other series of Series 2011 Agency Bonds or under the Series 2011 Bonds, as the case may be. However, an event of default under any series of Series 2011 Agency Bonds may result in insufficient Revenues with which to pay the principal and Accreted Value of and interest on the Series 2011 Bonds, which could cause a default on the Series 2011 Bonds. See “APPENDIX E—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 series of the Series 2011 Agency Bonds, there is no remedy of acceleration of the debt service on the respective series of Series 2011 Agency Bonds or on the Series 2011 Bonds.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Series 2011 Bonds, or, if a secondary market exists, that such Series 2011 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 series 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 2011A Bonds**

As discussed under the caption “TAX MATTERS” herein, interest on the Series 2011A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date such Series 2011A 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 Indentures. Should such an event of taxability occur, the Series 2011A Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or prior redemption. The interest on the Series 2011B Bonds is not excludable from gross income for purposes of federal income taxation.

## **Risk of Earthquake or Other Natural Disaster**

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. The property within the Redevelopment Project Areas also is subject to the risk of flood and other natural disaster.

If an earthquake, flood or other natural disaster 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 Series 2011 Agency Bonds, which in turn could impair the ability of the Agency to make payments of principal and Accreted Value of and/or interest on the Series 2011 Agency Bonds when due, which in turn could result in a reduction in Revenues that secure the Series 2011 Bonds and could impair the ability of the Authority to make payments of principal and Accreted Value of and/or interest on the Series 2011 Bonds when due.

## **Parity Debt**

The Agency may issue or incur obligations payable from Agency Tax Increment Revenues and/or Housing Tax Increment Revenues on a parity with its pledge of Agency Tax Increment Revenues and Housing Tax Increment Revenues to the payment of debt service on the Series 2011 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 Series 2011 Agency Bonds in the event of a decrease in the Agency's collection of Agency Tax Increment Revenues and/or Housing Tax Increment Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS."

## **Subordinate Pledge of Housing Tax Increment Revenues (West Beach Project Area and Series 2005 Senior Housing Bonds)**

The Series 2011 Housing Bonds have a subordinate lien on a portion of the Housing Tax Increment Revenues collected from the West Beach Project Area. Payment of up to 43.55% of the debt service due on the Series 2002 West Beach Bonds is secured by a senior lien on the Housing Tax Increment Revenues collected in the West Beach Project Area. The Agency has covenanted pursuant to the Housing Indenture not to issue any additional obligations with a senior lien on Housing Tax Increment Revenues (except obligations that would refund the Series 2002 West Beach 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 Series 2002 West Beach Bonds prior to such refunding) as long as the Series 2005 Housing Bonds and any Housing Parity Debt are outstanding. The Series 2002 West Beach Bonds will mature on August 1, 2018. Until August 1, 2018 or such earlier date whereupon the Series 2002 West Beach Bonds are no longer outstanding, the Housing Tax Increment Revenues collected in the West Beach Project Area will first be available to satisfy up to 43.55% of the debt service requirements on the Series 2002 West Beach Bonds and the Housing Tax Increment Revenues collected in the West Beach Project Area in excess thereof will be available to pay debt service on the Series 2005 Housing Bonds.

## **Change in Law**

No assurance can be given that the State electorate will not adopt initiatives or that the Legislature will not enact legislation that will amend the Constitution of the State, the Redevelopment Law or other laws in a manner that results in a reduction of Agency Tax Increment Revenues and/or Housing Tax Increment Revenues that could adversely affect the Authority's ability to make debt service payments on the Series 2011 Bonds. In addition, tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2011A Bonds under federal or state law and could affect the market price for, or marketability of, the Series 2011A Bonds. Prospective purchasers of the Series 2011 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, rulings or litigation.

## **Investment of Tax Increment Revenues and Other Funds**

Agency Tax Increment Revenues and Housing Tax Increment Revenues from the County are deposited in the City's Investment Pool prior to their transfer to the Trustee for deposit by the Trustee in the funds and accounts established under the Indenture. Under the Indenture and the Agency Indentures, moneys in the Redevelopment Funds, Debt Service Funds, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account must be invested by the Trustee in Permitted Investments (as defined in the Indenture). See "APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Definitions." The Agency cannot predict the impact on the investment of any tax increment revenues by the Agency if it experiences significant losses in its investments.

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward looking statements". When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "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. See "INTRODUCTION—Forward-Looking Statements."

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to the prospective financial information. The Agency's independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Agency's independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Agency's independent auditors assume no responsibility for its content.

## **LIMITATIONS ON TAX REVENUES**

The Series 2011 Agency Bonds are secured by the Agency Tax Increment Revenues and the Housing 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 and Housing Tax Increment Revenues available to the Agency for payment of the principal and Accreted Value of and interest on the Series 2011 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 REPORTS."

## 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. See "CERTAIN BONDHOLDERS' RISKS—Reduction in Inflationary Rate" for a discussion of the negative impact that a recent "deflation factor" will have on future Agency Tax Increment Revenues.

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 (or in certain cases, another 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 Series 2011 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 Increment 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 Series 2011 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. Additionally, Proposition 218 expressly exempts natural gas fees and therefore, the City is not required to follow the procedures provided for in Proposition 218 when increasing natural gas rates.

### **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 certain railroad and 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 2009-10, which reflects the reported unitary revenue for 2008-09].

### **Property Tax Collection Procedures**

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

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

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

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

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

Collection of taxes based on supplemental assessments will occur throughout the year. Taxes due will be prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated November 1 through March 31 which will be calculated on the basis of the remainder of the current fiscal year and the full twelve months of the next fiscal year.

For supplemental tax bills mailed during the months of March through November, the first installment of taxes becomes delinquent on December 11 of the same year, the second installment becomes delinquent after the last day of the month following the month in which the bill was mailed and the second installment becomes delinquent four months later.

**Revenue Reconciliations.** Revenues are paid to the Agency in anticipation of tax receipts. A reconciliation between tax revenue paid to a redevelopment agency and secured tax collections actually received by the County for the redevelopment project is prepared in January. A similar methodology is used for the remainder of the fiscal year, resulting in approximately 85% to 95% of cumulative revenues being allocated through May. Revenue reconciliations due to county assessor roll changes are prepared for secured taxes in April and July, and subsequent final appropriations resulting from collection reconciliations are prepared in July.

Unsecured tax revenues are disbursed to redevelopment agencies based upon actual unsecured taxes received by the County. Payments are generally remitted in December, January and July of each fiscal year. A reconciliation payment is made in July concurrent with the final secured reconciliation. A collection charge of 0.25% of actual taxes collected is deducted by the County from each secured and unsecured tax disbursement.

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

## **Redevelopment 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 West Long Beach Industrial Project Area. In November 2003, the City Council elected to eliminate the time limits in the West Long Beach Industrial Redevelopment Plan for the incurrence of debt for the West Long Beach Industrial Project Area.

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 dates of the Central Long Beach 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 Central Long Beach Redevelopment Plan and the North Long Beach Redevelopment Plan, respectively. See also "APPENDIX B—FISCAL CONSULTANT REPORTS."

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.

Pursuant to the Central Long Beach Redevelopment Plan, the maximum amount of tax increment the Agency may receive from the Central Long Beach Project Area was established in an unlimited amount. The Agency reports that as of September 30, 2010 it had received approximately \$[ ] of tax increment revenues to date from the Central 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 Central Long Beach Project Area to \$2,000,000,000. Upon the issuance of the Series 2011 Central Long Beach Bonds, the Agency will have \$\_\_\_\_\_ of bonded indebtedness outstanding with respect to the Central Long Beach 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, 2010 it had received approximately \$[ ] 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. Upon the issuance of the Series 2011 North Long Beach Bonds, the Agency will have \$\_\_\_\_\_ of bonded indebtedness outstanding with respect to the North Long Beach Project Area.

**TABLE 3**  
**Redevelopment Agency of the City of Long Beach**  
**Limitations For Redevelopment Project Areas**

<b>Component Project Areas</b>	<b>Adoption Date</b>	<b>Final Date to Incur Debt</b>	<b>Plan Ends</b>	<b>Final Repayment Date</b>
Central Long Beach Project Area	March 6, 2001	March 6, 2021	March 6, 2032	March 6, 2047
North Long Beach Project Area	July 16, 1996	July 16, 2016	July 16, 2027	July 16, 2042

<sup>1</sup> Eliminated by SB 211.

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 not less than 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, extended 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." Since the West Long Beach Industrial Redevelopment Plan was adopted prior to January 1, 1977, the West Long Beach Industrial Project Area is subject to the requirements of Section 33334.6. Since the Central Long Beach Redevelopment Plan and the North Long Beach Redevelopment Plan were adopted subsequent to January 1, 1986, the above described deferral provisions are not applicable to the Central Long Beach Project Area or 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 West Long Beach Industrial Project Area into the Low and Moderate Income Housing Fund. The West Long Beach Industrial Project Area is no longer allowed to defer its requirement to deposit 20% of all tax increment derived from the West Long Beach Industrial Project Area into the Low and Moderate Income Housing Fund.

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 previously deferred certain portions of its low and moderate income housing requirement with respect to the West Long Beach Industrial Project Area.

#### **AB 1290**

Pursuant to Assembly Bill 1290 (being Chapter 942, Statutes of 1993) ("AB 1290"), the Central Long Beach 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).

#### **AB 1389 Payments**

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

The Agency filed the required reports with the County Auditor-Controller, and the Agency received notification from the Auditor-Controller at the County to the effect that the Auditor-Controller was in concurrence with the pass-through obligations on the Agency's AB 1389 report, and

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

### **Exclusion of Tax Increment Revenues for General Obligation Bonds Debt Service**

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

The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness. The Agency does not receive a significant amount of tax increment as a result of general obligation bond levies, if any.

### **Statement of Indebtedness**

Under the Redevelopment Law, the Agency must file with the County Auditor a statement of indebtedness for each of the Redevelopment Project Areas by October 1 of each year. As described below, the statement of indebtedness controls the amount of tax increment revenue that will be paid to the Agency in each fiscal year. Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other things: (i) the total amount of principal and interest payable on all loans, advances or indebtedness (including the Series 2011 Agency Bonds and all parity debt issued under each of the Agency Indentures) (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of "Available Revenue" as of the end of the previous fiscal year.

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

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

The statement of indebtedness constitutes prima facie evidence of the indebtedness of the Agency; however, the County Auditor may dispute the statement of indebtedness in certain cases, section 33675 of the Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for Superior Court determination of such dispute if it cannot be resolved by

the Agency and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any Debt or its related contract or expenditures. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

### **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 2011 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 2011 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, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters (as defined herein) by their counsel, Fulbright & Jaworski L.L.P., Underwriters' Counsel. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with regard to the issuance of the Series 2011 Bonds are contingent upon the issuance and delivery of the Series 2011 Bonds.

### **TAX MATTERS**

[TO BE REVIEWED BY BOND COUNSEL]

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 2011A 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 2011A 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 2011A Bonds.

The Series 2011B Bonds are subject to all applicable federal income taxation.

In the further opinion of Bond Counsel, interest on the Series 2011 Bonds is exempt from California personal income taxes.

#### *Accretion of Interest on Capital Appreciation Bonds*

The difference between the initial offering prices to the public (excluding bond houses and brokers) at which the Capital Appreciation Bonds are sold and the portion of the amount payable on the maturity date of the Capital Appreciation Bonds representing principal constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. Such discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the paragraphs above. The original issue discount accrues over the term of each Capital Appreciation Bond to the maturity date on the basis of a constant interest rate compounded on each interest accretion or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of the Capital Appreciation Bonds to determine taxable gain upon disposition (including sale, redemption, or payment prior to the maturity date) of the Capital Appreciation Bonds. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Capital Appreciation Bonds who purchase the Capital Appreciation Bonds after the initial offering of a substantial amount of such maturity. Owners of such Capital Appreciation Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Capital Appreciation Bonds with the original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on the Capital Appreciation Bonds under federal individual and corporate alternative minimum taxes. A complete copy of the opinion of Bond Counsel is set forth in "APPENDIX I—FORM OF BOND COUNSEL'S OPINION."

#### *Backup Withholding*

Payments of principal, Accreted Value and interest (including original issue discount) on the Series 2011 Bonds, as applicable, may be subject to the "backup withholding tax" under Section 3406 of the Code at a rate of 28% in 2004-05 if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the payer certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient.

#### *Foreign Investors*

An owner of a Series 2011 Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2011 Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2011 Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose, the term "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross

income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Series 2011 Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2011 Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2011 Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2011 Bond.

#### *ERISA Considerations*

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2011 Bonds.

#### *Other Matters Affecting the Series 2011 Bonds*

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 2011 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 2011 Bonds issued prior to enactment. Each purchaser of the Series 2011 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 2011A Bonds is excluded from gross income for federal income tax purposes and that interest on the Series 2011 Bonds is exempt from California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2011 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 2011 BONDS**

There is no pending or threatened litigation concerning the validity of the Series 2011 Bonds, the pledge of Revenues, the Series 2011 Agency Bonds, or 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 2011 Bonds or the Series 2011 Agency 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 have assigned ratings of "[\_\_\_\_\_]" and "[\_\_\_\_\_]," respectively, to the Series 2011 Bonds. 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 Investor Services, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and S&P, 55 Water Street, New York, New York 10041. Any explanation of the significance of such ratings may only be obtained from Fitch, Moody's and S&P, respectively. Any explanation of the significance of such ratings may only be obtained from Moody's and S&P, respectively. The Authority and the Agency furnished Moody's and S&P certain information and material concerning the Series 2011 Bonds and the Series 2011 Agency Bonds, 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 2011 Bonds.

### **CONTINUING DISCLOSURE**

The Authority and the Agency will covenant for the benefit of Owners and Beneficial Owners of the Series 2011 Bonds to provide certain financial information and operating data relating to the Agency and the Redevelopment Project Areas (the "Annual Report") by not later than [270] days following the end of the Agency's fiscal year (which fiscal year currently ends on September 30), commencing with the Annual Report for the fiscal year ended September 30, 20[10/11], and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and any notices of material events will be filed by the City, as dissemination agent, with the MSRB through the EMMA system. The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in "APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants will be made in order to assist the underwriters for the Series 2011 Bonds in complying with Rule 15c2-12.

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. Neither the Authority nor the Agency has 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 2011 Bonds and the Authority will not provide such information. The Authority will have no liability to the owners of the Series 2011 Bonds with respect to the Continuing Disclosure Agreement.

### **UNDERWRITING**

The Series 2011A Bonds are being purchased by [Stone & Youngberg, Merrill Lynch, Pierce, Fenner & Smith Incorporated and E. J. De La Rosa & Co., Inc.] (collectively, the "Series 2011A Underwriters"). The Series 2011 Underwriters have agreed to purchase the Series 2011A Bonds at a price of \$ \_\_\_\_\_ (which represents the initial amount of the Series 2011A Bonds, plus/less a net original issue premium/discount of \$ \_\_\_\_\_, less an Underwriters' discount of \$ \_\_\_\_\_).

The bond purchase agreement pursuant to which the Series 2011A Bonds are being purchased by the Series 2011A Underwriters provides that the Series 2011A Underwriters will purchase all of the Series 2011A Bonds if any are purchased. The obligation of the Series 2011A 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 2011A Bonds set forth on the cover and the inside front cover hereof may be changed from time to time by the Series 2011A Underwriters. The Series 2011A Underwriters may offer and sell the Series 2011A 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.

The Series 2011B Bonds are being purchased by [Stone & Youngberg, Merrill Lynch, Pierce, Fenner & Smith Incorporated and E. J. De La Rosa & Co., Inc.] (the "Series 2011B Underwriters"). The Series 2011 Underwriters have agreed to purchase the Series 2011B Bonds at a price of \$ \_\_\_\_\_ (which represents the principal amount of the Series 2011B Bonds, plus/less a net original issue premium/discount of \$ \_\_\_\_\_, less an Underwriters' discount of \$ \_\_\_\_\_). The bond purchase agreement pursuant to which the Series 2011B Bonds are being purchased by the Series 2011B Underwriters provides that the Series 2011B Underwriters will purchase all of the Series 2011B Bonds if any are purchased. The obligation of the Series 2011B 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 2011B Bonds set forth on the cover and the inside front cover hereof may be changed from time to time by the Series 2011B Underwriters. The Series 2011B Underwriters may offer and sell the Series 2011B 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.

#### **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 2011 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 2011 Bonds are contingent upon the issuance and delivery of the Series 2011 Bonds.

#### **MISCELLANEOUS**

All of the preceding summaries of the Series 2011 Bonds, the Indenture, applicable legislation and other agreements and documents are made subject to the provisions of the Series 2011 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.

LONG BEACH BOND FINANCE AUTHORITY

By \_\_\_\_\_  
Chair



## APPENDIX A

### THE AGENCY AND THE PROJECT AREAS

#### THE AGENCY

##### General

The Agency was activated by the City Council on April 17, 1961 by Ordinance No. C 4184 pursuant to the Redevelopment Law. The Agency is governed by six member board, (the "Agency Board"), whose members are appointed by the Mayor and affirmed by the City Council. Project Area Committees composed of local citizens, business people and civic organization representatives provide the Agency with advice on the various redevelopment projects in the City. The City provides all staff services to the Agency through a cooperation agreement, including fiscal services, planning, engineering, legal assistance, property services, relocation and other functions necessary for project development. As City employees, staff assigned to Agency activities participate in all of the City's employee benefit programs. In addition, the Agency retains the services of independent consultants and advisors to assist in legal and financing aspects, property appraisal and acquisition, relocation, land use studies and such other areas of competence deemed necessary by the Board.

The present seven members, the Executive Director and the Assistant Executive Director of the Agency are as follows:

William Baker, Chair  
Diane Arnold, Vice Chair  
John Cross, Member  
Julie Heggeness, Member  
Teer L. Strickland, Member  
John Thomas, Member  
Vivian Tobias, Member  
Amy Bodek, Executive Director  
Robert Zur Schmiede, Assistant 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, 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 Redevelopment Project Areas, the Agency itself cannot construct any buildings contemplated under the Redevelopment Plans, but must convey property in the Redevelopment Project Areas by sale or lease, for private development in conformity with the 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 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, 2009 are included herein 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 the following seven active redevelopment project areas: the Central Long Beach Project Area, the Downtown Project Area, the Los Altos Project Area, the North Long Beach Project Area, the Poly High Project Area, the West Beach Project Area and the West Long Beach Industrial Project Area. The Central Long Beach Project Area, the Los Altos Project Area, the North Long Beach Project Area, the Poly High Project Area and the West Beach Project Area are each discussed in detail in the following sections of this Appendix A.

### **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 Series 2011 Bonds.

### **Litigation**

The Agency is currently named in two lawsuits: one pending with the Los Angeles Unified School District ("LAUSD") (*Los Angeles Unified School District v. The County of Los Angeles et al.*) and one with the Los Angeles Community College District ("LACCD") (*Los Angeles Community College District v. County of Los Angeles, et al.*). The lawsuits challenge the distribution of pass-through payments amongst the affected taxing agencies and not the overall amount of the combined payments. Both the LAUSD and the LACCD receive less than 1 percent of the \$1 tax rate within the North Long Beach Redevelopment Project Area. A finding in favor of LAUSD and LACCD could mean a reallocation of the distribution of the \$1 tax rate amongst the affected taxing entities, but would not increase the amount of the statutory pass-through payments required of the Agency.

In addition, the Agency is currently involved in two eminent domain proceedings. One proceeding is in the North Long Beach Project Area and pertains to 5870 Atlantic Avenue, and the estimated liability is approximately \$160,000. The other proceeding is in the Central Long Beach Project Area and pertains to 1925 E. Pacific Coast Highway, and also has an estimated liability of \$160,000.

### **Financial Statements**

The audited financial statements of the Agency for the Fiscal Year ended September 30, 2009 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 map on the following page depicts the Redevelopment Project Areas, and the subsequent maps depict the Central Long Beach Project Area, Los Altos Project Area, North Long Beach Project Area, Poly High Project Area and West Beach Project Area.

[Remainder of page intentionally left blank.]

[INSERT MAP OF REDEVELOPMENT AREAS OF CITY]

[INSERT MAP OF CENTRAL LONG BEACH PROJECT AREA]

[INSERT MAP OF LOS ALTOS PROJECT AREA]

[INSERT MAP OF NORTH LONG BEACH PROJECT AREA]

[INSERT MAP OF POLY HIGH PROJECT AREA]



[INSERT MAP OF WEST BEACH PROJECT AREA]

## **CENTRAL LONG BEACH PROJECT AREA**

### **History of the Central Long Beach Project Area**

The Central Long Beach 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 Long Beach Project Area. Structural damage to Central Long Beach Project Area buildings during the disturbances totaled \$19 million. Adoption of the Central Long Beach Project Area occurred at the beginning of a severe economic recession in the State. Property values fell across the State and in the Central Long Beach Project Area. In the years immediately following the establishment of the Central Long Beach Project Area, the assessed value of real property in the Central Long Beach Project Area fell below the base year value and remained there. As a result, the Central Long Beach Project Area never produced tax increment. To correct the situation, the Agency and City Council established the Central Long Beach Project Area for a second time with the adoption of the Central Long Beach 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 Long Beach Project Area produced its first tax increment in Fiscal Year 2003. The Central Long Beach Redevelopment Plan was amended by the City Council by Ordinance No. C-7909 on April 6, 2004.

### **Central Long Beach Project Area Description**

The Central Long Beach 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 Long Beach 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.

### **Central Long Beach Project Area Status**

The Central Long Beach 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. While a number of public improvements have been completed over the past five years, the Central Long Beach Project Area continues to have 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 Long Beach 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).

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

**TABLE A-1  
Central Long Beach Project Area  
Projects Completed**

<u>Project</u>	<u>Use</u>	<u>Project Size</u>	<u>Value at Completion</u>	<u>Year of Completion</u>
Coronado by Brookfield – Atlantic Ave. between 21 <sup>st</sup> and Hill St.	Residential Community	48 town homes	\$26,000,000	2011
East Village Pedestrian Lights 4 <sup>th</sup> St.	Pedestrian Lights	53 lights	510,000	2011
Long Beach & Burnett Apartments – 2355 Long Beach Blvd.	Apartments	46 units; 10 market rate and 36 affordable units	20,920,000	2011
Seaside Park	Community Park	2.5 acres	5,200,000	2011
Homeland Cultural Center	Community Cultural Center	3,800 sq. ft.	1,800,000	2011
Pacific Avenue Pedestrian Lights	Pedestrian Lights	52 lights	550,000	2010
MIG Street Enhancement (Phase 1)	Street Enhancement	2,500 sq. ft. of street improvements	2,900,000	2010
Wrigley Village Streetscape Improvements	Landscaped Medians and Pedestrian Lights Pacific from Pacific Coast Highway – Willow		610,000	2010
East Village Pedestrian Lights and Street Improvements 1 <sup>st</sup> St.	Pedestrian Lights, bulb outs, and street improvements	92 lights	1,000,000	2009
1322 Coronado	Commercial Façade Improvement Project	150 linear ft.	632,000	2009
1357 Coronado	Commercial Façade Improvement Project	350 linear ft.	551,000	2009
1790 Atlantic Ave. Right Turn Lane	Right Turn Lane with Open Space	3,000 sq. ft. of open space; 150 ft. right turn lane	2,200,000	2009
Menorah Housing Foundation Atlantic/Vernon	Low-income senior housing development	66 units	16,000,000	2009
K-9 Corner Dog Park	Dog Park	3,750 sq. ft.	440,000	2009
Neo Zoe	Residential condominium units	22 units, 5 market, 17 affordable	8,500,000	2008
Jamboree Housing (3 <sup>rd</sup> & Golden)	Apartments	64 unit low-income family rental housing development	20,600,000	2008
Martin Luther King Medians (From Pacific Coast Highway – 20 <sup>th</sup> St.)	Landscaped Medians	1,000 linear ft. of medians	1,000,000	2007
Big Saver Façade Improvements	Commercial Shopping Center	30,000 sq. ft.	1,100,000	2007

New Mark Twain Library Anaheim St./Gundry Ave	Library	16,000 sq. ft.	7,000,000	2007
Pacific Apartments 16 <sup>th</sup> and Pacific Ave.	Apartments	42 units	10,800,000	2007
Willmore Historic Home Acquisition and Relocation – 539 & 543 Daisy, 734 Maine, and 226 W. 10 <sup>th</sup> St.	4 single family homes	1,400 sq. ft./home	2,500,000	2006
Renaissance Square, 1900 Atlantic Ave.	Bank and office space	10,000 sq. ft., 2-story building and parking	1,200,000	2004
Long Beach Unified School District/Golden School Site	K-5 elementary school	Square block, Broadway/Golden Ave.	20,000,000	2004
Loft on 4 <sup>th</sup>	4 <sup>th</sup> St., Alamitos Ave.	34 unit loft apartments, 6,400 sq. ft. of retail, 2-level parking garage	7,000,000	2004
Officer Daryle W. Black Memorial Park	Community park	7,000 sq. ft.	200,000	2004
Live/Work	Live/Work artists space	405-429 Alamitos Ave. 8 live/work artists spaces	310,400	2004
Live/Work Sites/East Village	Live/Work	804-834 E. 4 <sup>th</sup> Street/336-350 Olive Ave. Team Lofts	7,000,000	2004
East Village Arts Park	Community park	150 Elm	230,000	2003
Live/Work Sites/East Village	Live/Work	318-324 Elm Ave.	40,000	2003
Habitat for Humanity	10 homes	Various locations in Central Long Beach Project Area	1,000,000	2002
Live/Work Sites/East Village 811 E. 7 <sup>th</sup> St.	Conversion of bldg. to live/work and studio spaces	4 units	230,000	2000
Live/Work Sites/East Village 433 Alamitos	Live/Work Space	4 units	116,600	2000
Live/Work Sites/East Village 121 Linden	Live/Work Space	Residential	5,000	2000
Live/Work Sites/East Village 805 E. 7 <sup>th</sup> St.	Live/Work Space	6 units	243,000	2001
Renaissance Walk Atlantic/Hill	Single-family homes/child care	40 homes	7,700,000	1999
Wrigley Marketplace Retail Center Willow and Long Beach Blvd.	Shopping center	North West corner	12,000,000	1999
Live/Work Sites/East Village 535-555 Third St.	Live/Work	20 units	122,000	1999
Atlantic Villas Atlantic/Dayman	Town homes	15 homes	3,000,000	1995
Sea Mist Towers 1451 Atlantic	Low-income senior rental housings	75 units	4,500,000	1993

Source: Redevelopment Agency of the City of Long Beach

**TABLE A-2  
Central Long Beach Project Area  
Projects Under Construction**

<b>Project</b>	<b>Use</b>	<b>Project Size</b>	<b>Est. Value at Completion</b>	<b>Est. Year of Completion</b>
Meta Housing – Phase I – Long Beach Blvd./Anaheim	186 unit senior rental housing project		\$70,701,000	2012
Habitat for Humanity – Scatter Sites – Henderson, Chestnut, Magnolia	4 single family homes for sale to low-income families		1,017,700	2011-2012
Orizaba Park	Open Space	1.1 acre park expansion	5,500,000	2011
1345 Coronado	Commercial Screening	250 linear ft.	1,000,000	2011
1330 Gladys Ave.	Art Production	6,350 sq. ft. commercial building	90,000	2011
3243 E. Anaheim – Pho Restaurant	Commercial Façade Improvement Project	450 linear ft.	1,000,000	2011
Magnolia Industrial Group – MIG (Phase II)	Infrastructure — Daisy Avenue from Anaheim to Pacific Coast Highway	204,300 sq. ft.	1,509,050	2011
Sunrise Gateway	Landscaped gateway to the Sunrise Historic District	5,000 sq. ft.	550,000	Summer 2011
1501, 1521–1527, and 1585 E. Pacific Coast Highway	LBCC Campus Expansion	24,000 sq. ft.	1,200,000	2011
1550 Martin Luther King Jr. Blvd.	McBride Park Teen Center and Park Expansion	Construction of a new 5,000 sq. ft. teen center & 6,750 sq. ft. park expansion	4,400,000	Summer 2011
998 E. Pacific Coast Highway Martin Luther King Jr. Blvd. & Pacific Coast Highway – Poly Gateway	Open space and gateway monument	10,997 sq. ft.	1,000,000	Fall 2011
Rosa Parks Park	Open Space	11,318 sq. ft.	1,200,000	2011
Wrigley Village Streetscape Improvements – Pacific Avenue between 19 <sup>th</sup> & Willow	Median improvement	Approx. 5,200 linear ft.	1,500,000	2011
Pacific Electric Right-of-Way Expansion	Open Space	35,000 sq. ft. of park; .6 miles of bike and pedestrian path	9,000,000	Summer 2011
6 <sup>th</sup> & Alamitos	Alamitos Median Improvement	150 ft.	75,000	Fall 2011
The Armory	Façade Improvement	41,000 sq. ft.	400,000	2011
960 Daisy – Jed’s Grocery	Façade Improvement	350 linear ft.	600,000	2011
754 Pine Ave. – 98-Cents Store	Façade Improvement	320 linear ft.	800,000	2011
732 E. 7 <sup>th</sup> – Catholic Articles Store	Façade Improvement	500 linear ft.	960,000	2011
827 E. 4 <sup>th</sup> – Alamitos Video	Façade Improvement	200 linear ft.	500,000	2011

8 <sup>th</sup> & Long Beach Blvd. – Scottish Rite	Façade Improvement	150 linear ft.	50,000	Summer 2011
SEC of 8 <sup>th</sup> & Long Beach Blvd. – Princess Bridal	Façade Improvement	150 linear ft.	450,000	2011
238 E. 10 <sup>th</sup> St. – La Caravana	Façade Improvement	150 linear ft.	90,000	Summer 2011
969 Long Beach Blvd. – Big Bargain	Façade Improvement	150 linear ft.	250,000	Summer 2011
412 W. 4 <sup>th</sup> – Lyon Art Supply	Façade Improvement	175 linear ft.	800,000	2011

Source: Redevelopment Agency of the City of Long Beach

**TABLE A-3  
Central Long Beach Project Area  
Future Projects**

<b>Project</b>	<b>Use</b>	<b>Est. Project Size</b>	<b>Est. Value at Completion</b>	<b>Est. Year of Completion</b>
The Barcelona – 1900 Long Beach Blvd.	Housing	TBD	TBD	TBD
Pacific Electric Right-of-Way Expansion	Open Space		\$8,000,000	
Cherry Avenue Widening	Infrastructure Improvement		395,000	
McBride Park Teen Center (OSL)	Tenant Improvement	21,000 sq. ft.	950,000	2011
LBTEC			500,000	
Willmore Courts and Ways Implementation Plan	Neighborhood Revitalization	3 Alleys in the Willmore Historic District	260,000	TBD
Business Loans	Business Retention, expansion, and retention		238,333	
Commercial Façade Program	Corridor and Neighborhood Revitalization		2,250,000	
East Village Streetscape	Infrastructure		500,000	
Courthouse	Infrastructure		2,500,000	2013

\* Estimated.

Source: Redevelopment Agency of the City of Long Beach

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

### Ten Largest Assesseees

The table below sets forth the ten largest assesseees in the Central Long Beach Project Area, whose property in the aggregate comprise approximately 5.81% of the total assessed value in the Central Long Beach Project Area for Tax Year 2010-11. 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).

**TABLE A-4**  
**Central Long Beach Project Area**  
**Ten Largest Assesseees**  
**Tax Year 2010-11**

Assessee	Assessed Property	Assessed Valuation
1. American Store Properties LLC	Neighborhood Shopping Center	\$ 33,988,326
2. Healthsmart Pacific Inc.	Hospital/Office/Vacant/Unsecured	32,981,854
3. ASN Long Beach Harbor 1031 LLC	Stores	29,745,487
4. Long Beach Memorial Medical	Hospital/Office/Parking/Unsecured	29,390,096
5. HS Belmont LLC	Neighborhood Shopping Center/Restaurant	23,002,238
6. Royal Palms Apartments Inc.	Multifamily Residential	17,059,426
7. Beasley Investment LP	Multifamily Residential	16,339,772
8. NNN Healthcare Office	Office/Vacant	13,400,000
9. Memorial Health Services	Office/Residential/Vacant	13,098,482
10. Boulevard Storage Partners LLC	Warehouse/Parking	<u>12,171,086</u>
Total		<u>\$221,176,767</u>

Share of 2010-11 Project-Wide Valuation\*: 5.81%

\* Based upon reported Tax Year 2010-11 Project Area secured and unsecured assessed value of \$3,808,407,567.  
Source: Los Angeles County Assessor 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 Los Angeles County Assessment Appeals Board (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 County 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 Central Long Beach Project Area have filed assessment appeals with respect to the County Assessor’s determination of the taxable value of real property and personal property within the Central 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, 2010 could result in projected tax refunds of \$887,000 and a property value reduction of \$74,907,000 for all open appeals. The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Central 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. See “APPENDIX B—FISCAL CONSULTANT’S REPORT—Assessment Appeals” and “—Table 4—Assessment Appeal Estimated Impact.”

**Collections Within the Central Long Beach Project Area**

Central Long Beach Tax Increment Revenues are determined by the percentage of taxes collected within the Central Long Beach Project Area. As of September 30, 2010, approximately 8.4% of the total tax increment levy for all property within the Central Long Beach Project Area for the 2009-10 Tax Year was delinquent. The following table sets forth the amount of tax collections received by the Agency in Tax Years 2005-06 through 2009-10 for the Central Long Beach Project Area.

**TABLE A-5  
Central Long Beach Project Area  
Collections of Tax Increment Revenues  
Tax Years 2005-06 Through 2009-10**

<b>Tax Year</b>	<b>Total Computed Levy</b>	<b>Total Tax Increment <sup>1</sup></b>	<b>Percent Collected <sup>2</sup></b>	<b>Total Allocation <sup>3</sup></b>	<b>Percent Collected <sup>4</sup></b>
2005-06	\$11,812,514	\$11,309,462	95.74%	\$14,691,907	124.38%
2006-07	16,850,754	15,366,877	91.19	17,979,466	106.70
2007-08	19,771,496	17,860,907	90.34	20,991,619	106.17
2008-09	23,365,164	20,707,939	88.63	23,055,549	98.67
2009-10	21,568,722	19,759,871	91.61	21,327,043	98.88

<sup>1</sup> 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.

<sup>2</sup> Total Tax Increment divided by Total Computed Levy.

<sup>3</sup> 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 and net of County-administered pass throughs.

<sup>4</sup> Total Allocation divided by Total Computed Levy.

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

**Housing Set-Aside**

Pursuant to the Housing Indenture, the Agency has pledged the tax increment from the Central Long Beach Project Area required to be deposited in the Low and Moderate Income Housing Fund (the “Central Housing Set-Aside”) to the payment of the Series 2011 Housing Bonds. The Series 2011 Housing Bonds will have a lien subordinate to that on the Series 2005 Housing Bonds for the Central Housing Set-Aside. The Central Housing Set-Aside will be only available for the repayment of the Series 2005 Housing Bonds and the Series 2011 Housing Bonds and will not be available for repayment of the Series 2005 Central Long Beach Bonds, the Series 2011 Central Long Beach Bonds, or any other Series



2005 Agency Bonds or Series 2011 Agency Bonds (other than the Series 2005 Housing Bonds and the Series 2011 Housing 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 Central Housing Set-Aside received for Tax Years 2005-06 and 2009-10.

**TABLE A-6**  
**Central Long Beach Project Area**  
**Central Housing Set-Aside**  
**Tax Years 2005-06 and 2009-10**

Tax Year	Central Housing Set-Aside*
2005-06	\$ 3,939,866
2006-07	3,595,893
2007-08	3,004,612
2008-09	4,494,875
2009-10	4,265,409

\* The North Long Beach Project Area made a portion of Central Long Beach’s 20% Housing Set-Aside payment in Tax Years 2005-06 through 2009-10 in the following amounts: \$1,300,000; \$1,300,000; \$1,300,000; \$2,300,000; and \$2,300,000, respectively.

Source: Redevelopment Agency of the City of Long Beach

### Historical Revenues and Debt Service Coverage

Central Long Beach Project Area assessed valuation has increased from \$1,888,193,407 in the 2000-01 base year to \$3,808,407,567 in Tax Year 2010-11 to produce a total incremental value of \$1,920,214,160. Since the 2005-06 Tax Year, assessed valuation has increased from \$3,062,354,132 to \$3,808,407,567 for the 2010-11 Tax Year to produce an increase of \$746,053,435 for such period of time. The 2010-11 assessed valuation of \$3,808,407,567 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 Central Long Beach Project Area as of September 30, 2010 is \$115,868,000. The tax increment with respect to the Central Long Beach Project Area was \$19,759,871 for Tax Year 2009-10 as shown in the Central Long Beach Project Area Historical Tax Increment table below.

Actual levels of future Central 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 Central Long Beach Project Area” above.

Several owners of property in the Central Long Beach Project Area have filed assessment appeals with respect to real and personal property. 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 revenues of the Agency available for Central 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.

The following table shows the historical tax increment for Tax Years 2005-06 through 2009-10 for the Central Long Beach Project Area.

**TABLE A-7**  
**Central Long Beach Project Area**  
**Historical Tax Increment**  
**Tax Years 2005-06 through 2009-10**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Reported Assessed Value <sup>1</sup>					
Secured	\$2,947,088,029	\$3,446,944,725	\$3,727,472,145	\$4,075,310,514	\$3,890,817,934
State Assessed	2,563,479	2,516,584	2,096,307	100	100
Unsecured	<u>112,702,624</u>	<u>114,726,952</u>	<u>120,710,699</u>	<u>126,715,188</u>	<u>132,425,585</u>
Total Project Value	<u>3,062,354,132</u>	<u>3,564,191,261</u>	<u>3,850,279,151</u>	<u>4,202,025,802</u>	<u>4,023,243,619</u>
Less Base Value <sup>2</sup>	<u>1,888,193,407</u>	<u>1,888,193,407</u>	<u>1,883,780,548</u>	<u>1,880,168,292</u>	<u>1,880,168,292</u>
Increment Value	<u>\$1,174,160,725</u>	<u>\$1,675,997,854</u>	<u>\$1,966,498,603</u>	<u>\$2,321,857,510</u>	<u>\$2,143,075,327</u>
Average Tax Rate	1.0060390%	1.0054162%	1.0054162%	1.0054162%	1.0054162%
Gross Tax Increment	\$ 11,812,514	\$ 16,850,754	\$ 19,771,496	\$ 23,344,332	\$ 21,546,827
Unitary Tax Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,832</u>	<u>21,895</u>
Total Computed Levy	<u>\$ 11,812,514</u>	<u>\$ 16,850,754</u>	<u>\$ 19,771,496</u>	<u>\$ 23,365,164</u>	<u>\$ 21,568,722</u>
Total Allocation <sup>3</sup>					
Secured Tax Increment	\$ 11,309,462	\$ 15,384,734	\$ 17,847,134	\$ 20,628,412	\$ 19,659,332
Unsecured Tax Increment	0	(17,857)	13,772	58,695	78,643
Unitary Tax Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,832</u>	<u>21,895</u>
Total Annual Tax Increment	<u>\$ 11,309,462</u>	<u>\$ 15,366,877</u>	<u>\$ 17,860,907</u>	<u>\$ 20,707,939</u>	<u>\$ 19,759,871</u>
Percent Collected (Annual Tax Increment)	95.74%	91.19%	90.34%	88.63%	91.61%
Total Allocation <sup>4</sup>	<u>\$ 14,691,907</u>	<u>\$ 17,979,466</u>	<u>\$ 20,991,619</u>	<u>\$ 23,055,549</u>	<u>\$ 21,327,043</u>
Percent Collected (Total Allocation)	<u>124.38%</u>	<u>106.70%</u>	<u>106.17%</u>	<u>98.67%</u>	<u>98.88%</u>

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

<sup>2</sup> Base value change beginning in Tax Year 2002-03 reflects the adjusted base value of the Central Long Beach Project Area.

<sup>3</sup> 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.

<sup>4</sup> 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 and net of County-administered pass throughs.

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

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The following table shows the debt service schedule and calculation of projected debt service coverage for the Series 2005 Central Long Beach Bonds and the Series 2011 Central Long Beach Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS—Security for the Series 2011 Bonds.”

**TABLE A-8**  
**Central Long Beach Project Area**  
**Debt Service and Coverage Projections**  
**Series 2005 Central Long Beach Bonds and Series 2011 Central Long Beach Bonds**

Fiscal Year Ending (September 30)	Projected Central Tax Increment Revenues Available for Debt Service <sup>1</sup>	Total Series 2005 Central Long Beach Bonds Debt Service <sup>2</sup>	Total Series 2011 Central Long Beach Bonds Debt Service	Projected Coverage on Series 2005 Central Long Beach Bonds and Series 2011 Central Long Beach Bonds <sup>3</sup>
2011	\$ 9,849	\$3,633,406		
2012	11,183	3,632,284		
2013	11,483	3,754,903		
2014	11,789	3,754,919		
2015	12,101	3,752,386		
2016	12,420	3,752,227		
2017	12,744	3,754,993		
2018	13,075	3,752,473		
2019	13,413	4,007,493		
2020	13,758	4,008,709		
2021	14,109	3,631,794		
2022	14,467	3,630,488		
2023	14,833	3,630,828		
2024	15,206	3,632,556		
2025	15,586	3,510,684		
2026	15,974	3,509,672		
2027	16,370	3,511,562		
2028	16,774	3,508,646		
2029	17,185	3,510,924		
2030	17,605	3,512,862		
2031	18,034	3,509,193		
2032	18,471	3,509,917		
2033	18,800	3,509,500		
2034	19,136	3,510,750		
2035	19,487	3,511,000		
2036	19,828	3,510,000		
2037	20,184	3,512,500		
2038	20,547	3,508,000		
2039	20,918	3,511,500		
2040	21,296	3,512,250		

<sup>1</sup> See “APPENDIX B—FISCAL CONSULTANT’S REPORT” for assumptions on calculation of Projected Central Long Beach Tax Increment Revenues Available for Debt Service.

<sup>2</sup> Includes debt service due on the Series 2005 Central Long Beach Bonds plus projected surplus payments to be made with respect to Series 2005 Central Long Beach Bonds.

<sup>3</sup> Equals Projected Central Long Beach Tax Increment Revenues Available for Debt Service divided by Total Series 2005 Central Long Beach Bonds Debt Service and Total Series 2011 Central Long Beach Bonds Debt Service.

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

## **LOS ALTOS PROJECT AREA**

### **History of the Los Altos 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.

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 Bristol Farms Market, LA Fitness, TJ Maxx, Sears, Sav-On Drugs and Wells Fargo Bank.

### **Los Altos Project Area Description**

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.

### **Los Altos Project Area Status**

All of the land in the Los Altos Project Area is completely developed and privately owned except for the public right-of-way. Developments that have been completed within the Los Altos Project Area are listed in the following table. Currently, the only project in the Los Altos Project Area is renovation of a former retail space into a bank.

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**TABLE A-9**  
**Los Altos Project Area**  
**Projects Completed**

Project	Use	Project Size	Value at Completion	Year of Completion
Chase Bank 2220 N. Bellflower Blvd.	Commercial Bank	Renovation	\$ 300,000	2011
LA Fitness 2180 N. Bellflower Blvd.	Retail Service	Renovate facade, interior improvements for fitness facility	2,316,000	2011
TJ Maxx 2170 N. Bellflower Blvd.	Retail	Renovate interior	500,000	2010
Target Store Expansion 2270 N. Bellflower Blvd.	Retail	Renovation, façade, interior improvements, existing structure	1,268,000 3,200,000 12,081,797	2010 2004 1963 - 1968
Farmers & Merchants Bank 2300 N. Bellflower Blvd.	Commercial Bank	New bank structure, parking lot, retail	1,060,218	2002
Farmers & Merchants Bank 2310 N. Bellflower Blvd.	Retail	Retail building, 7,518 sq. ft.	500,000	2002
McDonald's Restaurant 2290 N. Bellflower Blvd.	Restaurant drive-through	New structure & parking lot, 3,986 sq. ft.	1,571,635	1998
Public Art Projects	Public Art	Puvungna Plaza; Street Park Parable	201,000	1998
Los Altos Shopping Center	Shopping Center	45 acres, 326,000 sq. ft. of leasable area; 1,390 parking spaces	15,278,092	1996-98
Farmers & Merchants Bank 2300 N. Bellflower Blvd.	Bank	Bank structure, improvements, fixtures, 5,000 sq. ft.	3,248,733	1962-1971

Source: Redevelopment Agency of the City of Long Beach

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

## Ten Largest Assesseees

The table below sets forth the ten largest assesseees in the Los Altos Project Area, whose property in the aggregate comprise approximately 81.91% of the total assessed value in the Los Altos Project Area for Tax Year 2010-11.

**TABLE A-10**  
**Los Altos Project Area**  
**Ten Largest Assesseees**  
**Tax Year 2010-11**

Assessee	Assessed Property	Assessed Valuation
1. CP Venture Two LLC	Retail Shopping Center	\$36,046,931
2. Dayton Hudson Corp.	Department Store	13,307,659
3. Carter Hawley Hale Stores Inc.	Department Store	12,094,505
4. North Los Altos Shopping Center	Retail Shopping Center	12,025,427
5. Walgreen Co.	Retail	7,784,504
6. Farmers & Merchants Bank	Retail Shopping Center	3,925,717
7. DJG Properties LLC	Retail & Office	3,595,495
8. MV Properties LLC	Commercial	2,786,701
9. Begonia Development Inc.	Retail	1,673,088
10. Target Corporation	Retail	<u>1,670,904</u>
Total		<u>\$94,910,931</u>

Share of 2010-11 Project-Wide Valuation\* : 81.91%

\*Based upon reported Tax Year 2010-11 Project Area secured and unsecured assessed value of \$115,870,346.  
Source: Los Angeles County Assessor 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 Los Altos Project Area have filed assessment appeals with respect to the County Assessor's determination of the taxable value of real property and personal property within the Los Altos Project Area. The Fiscal Consultant has projected that the current and prior year assessments of taxable value under appeal as of September 30, 2010 could result in projected tax refunds of \$70,000 and a property value reduction of \$74,907,000 for all open appeals. The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Los Altos 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. See "APPENDIX B—FISCAL CONSULTANT'S REPORT—Assessment Appeals" and "—Table 4—Assessment Appeal Estimated Impact."

## Collections Within the Los Altos Project Area

Los Altos Tax Increment Revenues are determined by the percentage of taxes collected within the Los Altos Project Area. As of September 30, 2010, approximately 2.2% of the total tax increment levy for all property within the Los Altos Project Area for Tax Year 2009-10 was delinquent. The following table sets for the amount of tax collections received by the Agency in Tax Years 2005-06 through 2009-10 for the Los Altos Project Area.

**TABLE A-11**  
**Los Altos Project Area**  
**Collections of Tax Increment Revenues**  
**Tax Years 2005-06 Through 2009-10**

<b>Tax Year</b>	<b>Total Computed Levy</b>	<b>Total Tax Increment<sup>1</sup></b>	<b>Percent Collected<sup>2</sup></b>	<b>Total Allocation<sup>3</sup></b>	<b>Percent Collected<sup>4</sup></b>
2005-06	\$541,087	\$540,331	99.86%	\$533,984	98.69%
2006-07	638,669	638,242	99.93	713,116	111.66
2007-08	657,315	655,688	99.75	682,143	103.78
2008-09	749,141	735,776	98.22	784,495	104.72
2009-10	774,455	757,353	97.79	762,697	98.48

<sup>1</sup> 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.

<sup>2</sup> Total Tax Increment divided by Total Computed Levy.

<sup>3</sup> 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 and net of County-administered pass throughs.

<sup>4</sup> Total Allocation divided by Total Computed Levy.

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

## Housing Set-Aside

Pursuant to the Housing Indenture, the Agency has pledged the tax increment from the Los Altos Project Area required to be deposited in the Low and Moderate Income Housing Fund (the "Los Altos Housing Set-Aside") to the payment of the Series 2011 Housing Bonds. The Series 2011 Housing Bonds will have a lien subordinate to that on the Series 2005 Housing Bonds for the Los Altos Housing Set-Aside. The Los Altos Housing Set-Aside will be only available for the repayment of the Series 2005 Housing Bonds and the Series 2011 Housing Bonds and will not be available for repayment of the Series 2005 Los Altos Bonds or any other Series 2005 Agency Bonds or Series 2011 Agency Bonds (other than the Series 2005 Housing Bonds and the Series 2011 Housing Bonds). See "LIMITATIONS ON TAX REVENUES—Housing Set-Aside." See also "—Historical Revenues" below.

The table below shows the amount of Los Altos Housing Set-Aside received as of September 30 for the Tax Years 2005-06 through 2009-10.

**TABLE A-12**  
**Los Altos Project Area**  
**Los Altos Housing Set-Aside**  
**Tax Years 2005-06 and 2009-10**

Tax Year	Los Altos Housing Set-Aside
2005-06	\$ 110,797
2006-07	146,976
2007-08	141,140
2008-09	155,860
2009-10	151,529

Source: Redevelopment Agency of the City of Long Beach

**Historical Revenues**

Los Altos Project Area assessed valuation has increased from \$39,896,120 in the 1991-92 base year to \$115,870,346 in Tax Year 2010-11 to produce a total incremental value of \$75,974,226. Since the 2005-06 Tax Year, assessed valuation has increased from \$93,679,567 to \$115,870,346 for the 2010-11 Tax Year to produce an increase of \$22,190,779 for such period of time. The 2010-11 assessed valuation of \$115,870,346 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 Los Altos Project Area as of September 30, 2010 is \$7,309,000. The tax increment with respect to the Los Altos Project Area was \$757,353 for Tax Year 2009-10 as shown in the Los Altos Project Area Historical Tax Increment table below.

Actual levels of future Los Altos 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 Los Altos Project Area” above.

Several owners of property in the Los Altos 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 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 Los Altos 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.



The following table shows the historical tax increment for Tax Years 2005-06 through 2009-10 for the Los Altos Project Area.

**TABLE A-13**  
**Los Altos Project Area**  
**Historical Tax Increment**  
**Tax Years 2005-06 through 2009-10**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Reported Assessed Value <sup>1</sup>					
Secured	\$81,399,159	\$ 90,310,985	\$ 92,104,999	\$101,331,498	\$103,755,616
Unsecured	<u>12,280,408</u>	<u>13,107,820</u>	<u>13,147,252</u>	<u>13,002,868</u>	<u>13,093,149</u>
Total Project Value	<u>93,679,567</u>	<u>103,418,805</u>	<u>105,252,251</u>	<u>114,334,366</u>	<u>116,848,765</u>
Less Base Value <sup>2</sup>	<u>39,896,120</u>	<u>39,896,120</u>	<u>39,896,120</u>	<u>39,896,120</u>	<u>39,896,120</u>
Increment Value	<u>\$53,783,447</u>	<u>\$ 63,522,685</u>	<u>\$ 65,356,131</u>	<u>\$ 74,438,246</u>	<u>\$ 76,952,645</u>
Average Tax Rate	1.0060442%	1.0054151%	1.0054151%	1.0054151%	1.0054151%
Gross Tax Increment	\$ 541,085	\$ 638,667	\$ 657,100	\$ 748,413	\$ 773,694
Unitary Tax Revenue	<u>2</u>	<u>2</u>	<u>215</u>	<u>728</u>	<u>761</u>
Total Computed Levy	<u>\$ 541,087</u>	<u>\$ 638,669</u>	<u>\$ 657,315</u>	<u>\$ 749,141</u>	<u>\$ 774,455</u>
Total Allocation <sup>3</sup>					
Secured Tax Increment	\$ 465,581	\$ 554,891	\$ 571,605	\$ 653,364	\$ 677,457
Unsecured Tax Increment	74,748	83,350	83,868	81,684	79,134
Unitary Tax Revenue	<u>2</u>	<u>2</u>	<u>215</u>	<u>728</u>	<u>761</u>
Total Annual Tax Increment	<u>\$ 540,331</u>	<u>\$ 638,242</u>	<u>\$ 655,688</u>	<u>\$ 735,776</u>	<u>\$ 757,353</u>
Percent Collected (Annual Tax Increment)	99.86%	99.93%	99.75%	98.22%	97.79%
Total Allocation <sup>3</sup>	<u>\$ 533,984</u>	<u>\$ 713,116</u>	<u>\$ 682,143</u>	<u>\$ 784,495</u>	<u>\$ 762,697</u>
Percent Collected (Total Allocation)	<u>98.69%</u>	<u>111.66%</u>	<u>103.78%</u>	<u>104.72%</u>	<u>98.48%</u>

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

<sup>2</sup> 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.

<sup>3</sup> 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 and net of County-administered pass throughs.

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

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## **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 to extend certain limitations in the North Long Beach Redevelopment Plan.

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 of the City of Long Beach (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 Joe's. 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. More recently, in 2010, the Agency assisted in the development of a new Marshalls Department Store in the Bixby Knolls area by providing a \$3.7 million in subsidy.

In the period between 2005 and 2010, the Agency has assembled and cleared a number of strategic sites to further commercial development opportunity in the North Long Beach Redevelopment Project Area. These sites include the North Village Center, a 6.3 acre parcel located at the key intersection of Atlantic Avenue and South Street targeted for the development of a neighborhood grocery, retail and a state of the art public library; a 2.4-acre parcel ideal for restaurant uses located on the northeast corner of Atlantic Avenue and Artesia Boulevard; and a 1.2-acre parcel at the intersection of Atlantic Avenue and 61st Street for the development of neighborhood serving retail.

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. In the period between 2004 and 2011 the Agency acquired and cleared a number of parcel targeted for the development of market rate and affordable housing. These include a 2.1-acre parcel on Long Beach Boulevard and Home Street for a mixed-use residential development and a 1.8-acre parcel near Long Beach Boulevard and 48th Street for the development of an assisted-living facility.

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. Since 2005, a number of park projects have been completed, including Admiral Kidd Park and Teen Center, Davenport Park, Grace Park, Plymouth and Elm. Expansion of Admiral Kidd Park is underway, and the expansion of Davenport Park is being planned. Oregon Park is in the design stages. The North Long Beach Police Station is a 20,000-square foot full service police station that was completed in September 2004 at a cost of \$9.5 million. In addition, the Agency acquired land at the intersection of Artesia Boulevard and Orange Avenue for the development of the new Fire Station 12. This project is currently under construction and slated for completion in winter of 2011/12 at a cost of \$12,000,000.

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. Save the Queen, LLC., the operator of the Queen Mary, has completed an approximate \$12 million renovation of the Queen Mary.

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-14**  
**North Long Beach Project Area**  
**Projects Completed**

Project	Use	Project Size	Value at Completion	Year of Completion
Admiral Kidd Park Phase II Expansion	Community Park	5 acres		2011
Infrastructure Improvements – Atlantic (b/n Bixby & San Antonio)	Street Improvements			2010
Parking Lot – 5648 Atlantic	Infrastructure	50,000 sq.ft.		2010
Queen Mary Development	Hotel/Retail	28.64 acres		2010
Infrastructure Improvements – Long Beach Blvd. (b/n Bort & Victoria)	Street Improvements			2010
Parking Lot – South & Linden	Infrastructure	60,000 sq. ft.		2009
Median – Jordan High School	Street Improvement			2009
Infrastructure Improvements – Long Beach Blvd (b/n San Antonio & Del Amo)	Street Improvement			2008
Infrastructure Improvements – Long Beach Blvd. (b/n Wardlow & San Antonio)	Street Improvement			2008
Infrastructure Improvements – Traffic Control Signals (Atlantic at Cartegena and Marshall Streets)	Infrastructure			2008
Admiral Kidd Park Teen Center	Community Park			2007
Infrastructure Improvements – North Village Center (Atlantic & South)	Street Improvements			2007
City Gateway Signage Medians – Artesia & Del Amo	Street Improvements			2006
City Gateway Signage Medians – Long Beach Blvd., Atlantic & Cherry Aves.	Street Improvements			2006
Median – Paramount Blvd (b/n Artesia & 68 <sup>th</sup> )	Street Improvements			2006
Community Park at 55 <sup>th</sup> Way	Community Park	5 acres	\$ 6,800,000	2007
Community Mini-Park at Plymouth and Elm	Community Park	48,750 sq. ft.	413,000	2005
Infrastructure, Future Street and Streetscape Improvements	Public Facilities		517,300	2005
Community Mini-Park at Market and Dairy	Community Park	14,000 sq. ft.	449,781	2005
Infrastructure, Street Enhancement Program	Public Facilities		467,219	2005
Infrastructure, Streetscape Design and Improvements	Public Facilities		3,019,202	2005
Infrastructure, Street Reconstruction, Overlays Design and Improvements	Public Facilities		5,127,003	2005
Infrastructure, Alley Paving Design and Improvements	Public Facilities		72,502,480	2005
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
Admiral Kidd Park Phase II Expansion	Community Park	5 acres		2011
Infrastructure Improvements – Atlantic (b/n Bixby & San Antonio)	Street Improvements			2010
Parking Lot – 5648 Atlantic	Infrastructure	50,000 sq. ft..		2010
Queen Mary Development	Hotel/Retail	28.64 acres		2010
Infrastructure Improvements – Long Beach Blvd (b/n Bort & Victoria)	Street Improvements			2010
Parking Lot – South & Linden	Infrastructure	60,000 sq. ft.		2009
Median – Jordan High School	Street Improvement			2009
Infrastructure Improvements – Long Beach Blvd. (b/n San Antonio & Del Amo)	Street Improvement			2008
Infrastructure Improvements – Long Beach Blvd. (b/n Wardlow & San Antonio)	Street Improvement			2008
Infrastructure Improvements – Traffic Control Signals (Atlantic at Cartegena and Marshall Streets)	Infrastructure			2008
Admiral Kidd Park Teen Center	Community Park			2007
Infrastructure Improvements – North Village Center (Atlantic & South)	Street Improvements			2007
City Gateway Signage Medians – Artesia & Del Amo	Street Improvements			2006
City Gateway Signage Medians – Long Beach Blvd., Atlantic & Cherry Aves.	Street Improvements			2006
Median – Paramount Blvd (b/n Artesia & 68th)	Street Improvements			2006
Community Park at 55 <sup>th</sup> Way	Community Park	5 acres	6,800,000	2007

Community Mini-Park at Plymouth and Elm	Community Park	48,750 sq. ft.	413,000	2005
Infrastructure, Future Street and Streetscape Improvements	Public Facilities		517,300	2005
Community Mini-Park at Market and Dairy	Community Park	14,000 sq. ft.	449,781	2005
Infrastructure, Street Enhancement Program	Public Facilities		467,219	2005
Infrastructure, Streetscape Design and Improvements	Public Facilities		3,019,202	2005
Infrastructure, Street Reconstruction, Overlays Design and Improvements	Public Facilities		5,127,003	2005
Infrastructure, Alley Paving Design and Improvements	Public Facilities		72,502,480	2005
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-15**  
**North Long Beach Project Area**  
**Projects Under Construction**

<b>Project</b>	<b>Use</b>	<b>Est. Project Size</b>	<b>Est. Value at Completion</b>	<b>Est. Year of Completion</b>
Fire Station 12 (Artesia & Orange)	Infrastructure		\$12,000,000	2012
Infrastructure Improvements – Long Beach Blvd. (b/n Del Amo & 56 <sup>th</sup> )	Street Improvements		4,600,000	2011
One-Way Couplet – 56 <sup>th</sup> S. & Ellis Ave. in the Dairy Neighborhood	Street Improvements		3,000,000	2011

Source: Redevelopment Agency of the City of Long Beach

**TABLE A-16  
North Long Beach Project Area  
Future Projects**

Project	Use	Est. Project Size	Est. Value at Completion	Est. Year of Completion
North Long Beach Library & Community Center	Infrastructure	1.3 acres	\$10,000,000	2013
Davenport Park Phase II	Community Park	5 acres	3,500,000	2013
Oregon/Del Amo Park	Community Park	5 acres	3,500,000	2012
Artesia Medians (b/n Del Amo Obispo)	Street Improvements			2012

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.

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## 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 25.74% of the total assessed value in the North Long Beach Project Area for Tax Year 2010-11.

**TABLE A-17**  
**North Long Beach Project Area**  
**Ten Largest Assesseees**  
**Tax Year 2010-11**

Assessee	Assessed Property	Assessed Valuation
1. Total Terminals	Possessory Interest	\$ 525,143,152
2. International Transportation Services	Possessory Interest/Unsecured	458,680,332
3. Pacific Maritime Services LLC	Possessory Interest/Unsecured	397,126,335
4. Long Beach Container Terminal	Possessory Interest/Unsecured	106,868,983
5. Linwood Avenue LTD	Office/Heavy Manufacturing	96,600,512
6. ARCO Terminal Services	Mineral Processing Plant/Vacant/ Possessory Interest/Unsecured	85,092,975
7. TABC Inc.	Heavy Industrial/Unsecured	68,604,685
8. Pacific Pipeline System LLC	Office/Vacant	52,138,389
9. Oxbox Carbon & Minerals LLC	Possessory Interest/Unsecured	47,578,888
10. California United Terminals LLC	Possessory Interest/Unsecured	46,328,718
Total		<u>\$1,884,162,969</u>

Share of 2010-11 Project-Wide Valuation\*: 25.74%

\*Based upon reported Tax Year 2010-11 Project Area secured and unsecured assessed value of \$7,319,329,080.  
Source: Los Angeles County Assessor 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 County 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, 2010 could result in projected tax refunds of \$12,245,000 and a property value reduction of \$364,397,000 for all open appeals. 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. See "APPENDIX B—FISCAL CONSULTANT'S REPORT—Assessment Appeals" and "—Table 4—Assessment Appeal Estimated Impact."



## 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, 2010, approximately 3.6% of the total tax increment levy for all property within the North Long Beach Project Area for Tax Year 2009-10 was delinquent. The following table sets forth the amount of tax collections received by the Agency in Tax Years 2005-06 through 2009-10 for the North Long Beach Project Area.

**TABLE A-18**  
**North Long Beach Project Area**  
**Collections of Tax Increment Revenues**  
**Tax Years 2005-06 Through 2009-10**

<b>Tax Year</b>	<b>Total Computed Levy</b>	<b>Total Tax Increment<sup>1</sup></b>	<b>Percent Collected<sup>2</sup></b>	<b>Total Allocation<sup>3</sup></b>	<b>Percent Collected<sup>4</sup></b>
2005-06	\$32,347,364	\$31,406,277	97.09%	\$38,104,748	117.80%
2006-07	38,004,161	35,185,294	92.58	40,118,177	105.56
2007-08	45,031,329	41,783,503	92.79	40,450,589	89.83
2008-09 <sup>5</sup>	48,371,666	47,101,582	97.37	51,839,624	107.17
2009-10 <sup>5</sup>	44,963,374	43,323,559	96.35	45,264,127	100.67

<sup>1</sup> 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.

<sup>2</sup> Total Tax Increment divided by Total Computed Levy.

<sup>3</sup> 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 and net of County-administered pass throughs.

<sup>4</sup> Total Allocation divided by Total Computed Levy.

<sup>5</sup> Adjusted to remove overstated Possessory Interest value misplacement of \$170,030,923 assessed to parcel 8940-759-594 (Chevron USA Inc.).

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

## Valuation of Property in Port Area

Approximately 30% 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

Pursuant to the Housing Indenture, the Agency has pledged the tax increment from the North Long Beach Project Area required to be deposited in the Low and Moderate Income Housing Fund (the "North Long Beach Housing Set-Aside") to the payment of the Series 2011 Housing Bonds. The Series

2011 Housing Bonds will have a lien subordinate to that on the Series 2005 Housing Bonds for the North Long Beach Housing Set-Aside. The North Long Beach Housing Set-Aside will be only available for the repayment of the Series 2005 Housing Bonds and the Series 2011 Housing Bonds and will not be available for repayment of the Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds, the Series 2011 North Long Beach Bonds or any other Series 2005 Agency Bonds or Series 2011 Agency Bonds (other than the Series 2005 Housing Bonds and the Series 2011 Housing 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 North Long Beach Housing Set-Aside received as of September 30 for the Tax Years 2005-06 through 2009-10.

**TABLE A-19**  
**North Long Beach Project Area**  
**North Long Beach Housing Set-Aside**  
**Tax Years 2005-06 and 2009-10**

<b>Tax Year</b>	<b>North Long Beach Housing Set-Aside</b>
2005-06	\$ 6,619,465
2006-07	8,023,635
2007-08	9,280,830
2008-09	10,484,160
2009-10	9,052,825

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 \$7,319,329,080 in Tax Year 2010-11 to produce a total incremental value of \$4,214,820,365. Since the 2005-06 Tax Year, assessed valuation has increased from \$6,319,832,381 to \$7,319,329,080 for the 2010-11 Tax Year to produce an increase of \$999,496,699 for such period of time. The 2010-11 assessed valuation of \$7,319,329,080 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, 2010 is \$308,978,000. The tax increment with respect to the North Long Beach Project Area was \$43,323,559 for Tax Year 2009-10 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.

The following table shows the historical tax increment for Tax Years 2005-06 through 2009-10 for the North Long Beach Project Area.

**TABLE A-20**  
**North Long Beach Project Area**  
**Historical Tax Increment**  
**Tax Years 2005-06 through 2009-10**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09<sup>4</sup></u>	<u>2009-10<sup>4</sup></u>
Reported Assessed Value <sup>1</sup>					
Secured	\$5,354,365,384	\$5,901,426,962	\$6,452,450,454	\$6,936,796,937	\$6,616,352,244
State Assessed	1,419,926	1,368,018	3,779,467	3,779,467	3,779,482
Unsecured	<u>964,047,071</u>	<u>981,692,808</u>	<u>1,068,214,533</u>	<u>912,229,781</u>	<u>885,865,930</u>
Total Project Value	<u>6,319,832,381</u>	<u>6,884,487,788</u>	<u>7,524,444,454</u>	<u>7,852,806,185</u>	<u>7,505,997,656</u>
Less Base Value <sup>1</sup>	<u>3,104,508,715</u>	<u>3,104,508,715</u>	<u>3,045,527,423</u>	<u>3,046,315,338</u>	<u>3,038,729,757</u>
Increment Value	<u>\$3,215,323,666</u>	<u>\$3,779,979,073</u>	<u>\$4,478,917,031</u>	<u>\$4,806,490,847</u>	<u>\$4,467,267,899</u>
Average Tax Rate	1.0060376%	1.0054066%	1.0054066%	1.0054066%	1.0054066%
Gross Tax Increment	\$ 32,347,364	\$ 38,004,161	\$ 45,031,329	\$ 48,324,778	\$ 44,914,208
Unitary Tax Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,888</u>	<u>49,166</u>
Total Computed Levy	<u>\$ 32,347,364</u>	<u>\$ 38,004,161</u>	<u>\$ 45,031,329</u>	<u>\$ 48,371,666</u>	<u>\$ 44,963,374</u>
Total Allocation <sup>2</sup>					
Secured Tax Increment	\$ 25,902,799	\$ 30,623,803	\$ 35,313,129	\$ 42,268,629	\$ 38,631,489
Unsecured Tax Increment	5,503,477	4,561,491	6,470,374	4,786,065	4,642,905
Unitary Tax Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,888</u>	<u>49,166</u>
Total Annual Tax Increment	<u>\$ 31,406,277</u>	<u>\$ 35,185,294</u>	<u>\$ 41,783,503</u>	<u>\$ 47,101,582</u>	<u>\$ 43,323,559</u>
Percent Collected (Annual Tax Increment)	97.09%	92.58%	92.79%	97.37%	96.35%
Total Allocation <sup>3</sup>	<u>\$ 38,104,748</u>	<u>\$ 40,118,177</u>	<u>\$ 40,450,589</u>	<u>\$ 51,839,624</u>	<u>\$ 45,264,127</u>
Percent Collected (Total Allocation)	117.80%	105.56%	89.83%	107.17%	100.67%

<sup>1</sup> Amounts shown are as reported by the Los Angeles County Auditor–Controller in August of each Tax Year.

<sup>2</sup> 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.

<sup>3</sup> 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 and net of County-administered pass throughs.

<sup>4</sup> Adjusted to remove overstated Possessory interest value misplacement of \$170,030,923 assessed to parcel 8940-759-594 (Chevron USA Inc.). Source: Redevelopment Agency of the City of Long Beach and Keyser Marston Associates, Inc.

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The following table shows the debt service schedule and calculation of projected debt service coverage for the Series 2002 North Long Beach Bonds, the Series 2005 North Long Beach Bonds and the Series 2011 North Long Beach Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS—Security for the Series 2011 Bonds.”

**TABLE A-21**  
**North Long Beach Project Area**  
**Debt Service and Coverage Projections**  
**Series 2002 North Long Beach Bonds, Series 2005 North Long Beach Bonds**  
**Series 2010 North Long Beach Bonds and Series 2011 North Long Beach Bonds**

Fiscal Year Ending (September 30)	Projected North Long Beach Tax Increment Revenues Available for Debt Service <sup>1</sup>	Total Series 2002 North Long Beach Bonds Debt Service <sup>2</sup>	Total Series 2005 North Long Beach Bonds Debt Service <sup>3</sup>	Total Series 2010 North Long Beach Bonds Debt Service	Total Series 2011 North Long Beach Bonds Debt Service	Projected Coverage on Series 2002, 2005, 2010 and 2011 North Long Beach Bonds <sup>4</sup>
2011	\$ 16,310	\$3,011,030	\$4,299,252	\$3,103,954		
2012	23,036	3,014,221	4,298,529	3,094,877		
2013	23,554	2,814,709	4,443,682	3,090,486		
2014	24,084	2,828,349	4,441,610	3,081,067		
2015	24,623	2,833,373	4,440,773	3,071,067		
2016	25,174	2,846,106	4,440,836	3,057,205		
2017	25,735	2,849,879	4,442,156	3,043,396		
2018	26,308	2,858,995	4,441,056	3,029,332		
2019	26,892	2,869,978	4,745,051	3,016,071		
2020	27,488	2,881,425	4,748,782	2,993,575		
2021	28,096	2,888,068	4,293,721	2,977,424		
2022	28,716	2,895,978	4,296,037	2,956,762		
2023	29,348	2,909,790	4,292,935	2,931,861		
2024	29,993	2,919,831	4,292,935	2,907,602		
2025	30,651	2,935,053	4,154,500	2,883,473		
2026	31,322	2,947,309	4,153,000	2,849,443		
2027	32,007	2,952,501	4,150,500	2,809,694		
2028	32,522	2,968,630	4,151,750	2,771,295		
2029	33,048	2,979,597	4,151,250	2,728,841		
2030	33,585	2,988,290	4,153,750	2,687,332		
2031	34,132	3,001,343	4,153,750	2,641,362		
2032	34,691	—	4,151,000	2,592,682		
2033	35,260	—	4,150,250	2,538,986		
2034	35,841	—	4,151,000	2,490,274		
2035	36,433	—	4,152,750	2,430,710		
2036	37,038	—	—	2,375,712		
2037	37,654	—	—	2,309,444		
2038	38,283	—	—	2,247,324		
2039	38,924	—	—	2,178,516		
2040	39,578	—	—	2,113,020		

<sup>1</sup> See “APPENDIX B—FISCAL CONSULTANT’S REPORT” for assumptions on calculation of Projected North Long Beach Tax Increment Revenues Available for Debt Service.

<sup>2</sup> 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.

<sup>3</sup> Includes debt service due on the Series 2005 North Long Beach Bonds plus projected surplus payments to be made with respect to Series 2005 North Long Beach Bonds.

<sup>4</sup> 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, Total Series 2005 North Long Beach Bonds Debt Service, Total Series 2010 North Long Beach Bonds Debt Service and Total Series 2011 North Long Beach Bonds Debt Service.

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

## **POLY HIGH PROJECT AREA**

### **History of the Poly High 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 and by Ordinance No. C-7963 on January 11, 2005, and by Ordinance No. C-06-0061 on December 18, 2006.

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.

### **Poly High Project Area Description**

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.

### **Poly High Project Area Status**

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.

All real property in the Poly High Project Area is subject to the controls and restrictions of the Poly High Redevelopment Plan. The Poly High Redevelopment Plan itself is in accordance with standards incorporated in the City General Plan. The Poly High 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 Poly High 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.

**Ten Largest Assesseees**

The table below sets forth the ten largest assesseees in the Poly High Project Area, whose property in the aggregate comprise approximately 65.96% of the total assessed value in the Poly High Project Area for Tax Year 2010-11.

**TABLE A-22  
Poly High Project Area  
Ten Largest Assesseees  
Tax Year 2010-11**

	<u>Assessee</u>	<u>Assessed Property</u>	<u>Assessed Valuation</u>
1.	Participants in Long Beach	Mineral Rights	\$23,747,997
2.	Arthur Kaplan	Neighborhood Shopping	9,828,377
3.	DNA Esther LLC	Multi-family Residential	8,001,212
4.	Preston IV LLC	Multi-family Residential	4,549,837
5.	Christ Second Baptist Church	Multi-family Residential	1,200,144
6.	Shree Ganesh Inc.	Motel	999,868
7.	Joseph Seeling	Multi-family Residential	909,698
8.	Shufu & Wai Ling Tam Tr	Retail	826,618
9.	Michael Pope	Multi-family Residential	800,404
10.	Chean Deng	Multi-family Residential	756,964
	Total		<u>\$51,621,119</u>

Share of 2010-11 Project-Wide Valuation\* : 65.96%

\*Based upon reported Tax Year 2010-11 Project Area secured and unsecured assessed value of \$78,258,515.  
Source: Los Angeles County Assessor 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 Poly High Project Area have filed assessment appeals with respect to the County Assessor’s determination of the taxable value of mineral rights within the Poly High Project Area. The Fiscal Consultant has projected that the current and prior year assessments of taxable value under appeal as of September 30, 2010 could result in projected tax refunds of \$9,000 and a property value reduction of \$270,000 for all open appeals. The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Poly High 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. See “APPENDIX B—FISCAL CONSULTANT’S REPORT—Assessment Appeals” and “—Table 4—Assessment Appeal Estimated Impact.”

**Collections Within the Poly High Project Area**

Poly High Tax Increment Revenues are determined by the percentage of taxes collected within the Poly High Project Area. As of September 30, 2010, approximately 2.8% of the total tax increment levy for all property within the Poly High Project Area for Tax Year 2009-10 was delinquent. The following table sets forth the amount of tax collections received by the Agency in Tax Years 2005-06 through 2009-10 for the Poly High Project Area.

**TABLE A-23  
Poly High Project Area  
Collections of Tax Increment Revenues  
Tax Years 2005-06 Through 2009-10**

<b>Tax Year</b>	<b>Total Computed Levy</b>	<b>Total Tax Increment <sup>1</sup></b>	<b>Percent Collected <sup>2</sup></b>	<b>Total Allocation <sup>3</sup></b>	<b>Percent Collected <sup>4</sup></b>
2005-06	\$521,620	\$508,167	97.42%	\$130,868	25.09%
2006-07	648,833	638,497	98.41	674,328	103.93
2007-08	685,661	669,209	97.60	708,117	103.28
2008-09	933,494	914,886	98.01	822,478	88.11
2009-10	811,930	789,141	97.19	733,899	90.39

<sup>1</sup> 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.

<sup>2</sup> Total Tax Increment divided by Total Computed Levy.

<sup>3</sup> 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 and net of County-administered pass throughs.

<sup>4</sup> Total Allocation divided by Total Computed Levy.

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

**Housing Set-Aside**

Pursuant to the Housing Indenture, the Agency has pledged the tax increment from the Poly High Project Area required to be deposited in the Low and Moderate Income Housing Fund (the "Poly High Housing Set-Aside") to the payment of the Series 2011 Housing Bonds. The Series 2011 Housing Bonds will have a lien subordinate to that on the Series 2005 Housing Bonds for the Poly High Housing Set-Aside. The Poly High Housing Set-Aside will be only available for the repayment of the Series 2005 Housing Bonds and the Series 2011 Housing Bonds and will not be available for repayment of any other Series 2005 Agency Bonds or Series 2011 Agency Bonds (other than the Series 2005 Housing Bonds and the Series 2011 Housing Bonds). See "LIMITATIONS ON TAX REVENUES—Housing Set-Aside." See also "—Historical Revenues" below.

The table below shows the amount of Poly High Housing Set-Aside received as of the end of Tax Years 2005-06 through 2009-10.

**TABLE A-24**  
**Poly High Project Area**  
**Poly High Housing Set-Aside**  
**Tax Years 2005-06 and 2009-10**

<b>Tax Year</b>	<b>Poly High Housing Set-Aside</b>
2005-06	\$ 26,174
2006-07	134,866
2007-08	141,623
2008-09	164,496
2009-10	146,780

Source: Redevelopment Agency of the City of Long Beach

**Historical Revenues**

Poly High Project Area assessed valuation has increased from \$5,426,680 in the 1972-73 base year to \$78,258,515 in Tax Year 2010-11 to produce a total incremental value of \$72,831,835. Since the 2005-06 Tax Year, assessed valuation has increased from \$56,511,819 to \$78,258,515 for the 2010-11 Tax Year to produce an increase of \$21,746,696 for such period of time. The 2010-011 assessed valuation of \$78,258,515 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 Poly High Project Area as of September 30, 2010 is \$9,625,000. The tax increment with respect to the Poly High Project Area was \$789,141 for Tax Year 2009-10 as shown in the Poly High Project Area Historical Tax Increment table below.

Actual levels of future Poly High 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 Poly High Project Area” above.

Several owners of property in the Poly High Project Area have filed assessment appeals with respect to 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 revenues of the Agency available for Poly High 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 2005-06 through 2009-10 for the Poly High Project Area.

**TABLE A-25**  
**Poly High Project Area**  
**Historical Tax Increment**  
**Tax Years 2005-06 through 2009-10**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Reported Assessed Value <sup>1</sup>					
Secured	\$53,794,253	\$67,620,168	\$70,589,224	\$95,016,778	\$83,152,381
Unsecured	<u>2,717,566</u>	<u>1,581,804</u>	<u>2,140,248</u>	<u>2,294,432</u>	<u>2,062,728</u>
Total Project Value	<u>56,511,819</u>	<u>69,201,972</u>	<u>72,729,472</u>	<u>9,7311,210</u>	<u>85,215,109</u>
Less Base Value <sup>1</sup>	<u>5,426,680</u>	<u>5,426,680</u>	<u>5,327,680</u>	<u>5,327,680</u>	<u>5,298,173</u>
Increment Value	<u>\$51,085,139</u>	<u>\$63,775,292</u>	<u>\$67,401,792</u>	<u>\$91,983,530</u>	<u>\$79,916,936</u>
Average Tax Rate	1.0060462%	1.0054167%	1.0054167%	1.0054167%	1.0054167%
Gross Tax Increment	\$ 513,940	\$ 641,207	\$ 677,669	\$ 924,818	\$ 803,498
Unitary Tax Revenue	<u>7,679</u>	<u>7,626</u>	<u>7,992</u>	<u>8,676</u>	<u>8,432</u>
Total Computed Levy	<u>\$ 521,620</u>	<u>\$ 648,833</u>	<u>\$ 685,661</u>	<u>\$ 933,494</u>	<u>\$ 811,930</u>
Total Allocation <sup>2</sup>					
Secured Tax Increment	\$ 476,685	\$ 615,441	\$ 643,251	\$ 906,004	\$ 762,863
Unsecured Tax Increment	23,802	15,430	17,966	206	17,846
Unitary Tax Revenue	<u>7,679</u>	<u>7,626</u>	<u>7,992</u>	<u>8,676</u>	<u>8,432</u>
Total Annual Tax Increment	<u>\$ 508,167</u>	<u>\$ 638,497</u>	<u>\$ 669,209</u>	<u>\$ 914,886</u>	<u>\$ 789,141</u>
Percent Collected (Annual Tax Increment)	97.42%	98.41%	97.60%	98.01%	97.19%
Total Allocation <sup>3</sup>	<u>\$ 130,868</u>	<u>\$ 674,328</u>	<u>\$ 708,117</u>	<u>\$ 822,478</u>	<u>\$ 733,899</u>
Percent Collected (Total Allocation)	<u>25.09%</u>	<u>103.93%</u>	<u>103.28%</u>	<u>88.11%</u>	<u>90.39%</u>

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

<sup>2</sup> 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.

<sup>3</sup> 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 and are net of County-administered pass throughs.

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

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## WEST BEACH PROJECT AREA

### History of the West Beach 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, and by Ordinance No. C-06-00602 on December 18, 2006.

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; and
- 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.

### **West Beach Project Area Description**

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.

### **West Beach Project Area Status**

The entire West Beach Project Area has been built-out with the office complexes described above. There is no vacant land available for development in the West Beach Project Area. However, the City has a new master plan development that would replace the Molina Medical Center and the City National Bank Building. The development is a mixed-use project, combining residential, office and hotel uses in four towers. The project is expected to go before the Coastal Commission in Spring or Summer of 2011.

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

**Ten Largest Assesseees**

The table below sets forth the ten largest assesseees in the West Beach Project Area, whose property in the aggregate comprise approximately 93.17% of the total assessed value in the West Beach Project Area for Tax Year 2010-11.

**TABLE A-26  
West Beach Project Area  
Ten Largest Assesseees  
Tax Year 2010-11**

	<u>Assessee</u>	<u>Assessed Property</u>	<u>Assessed Valuation</u>
1.	200 Oceangate LLC	Office Building/Unsecured	\$ 83,064,555
2.	Legacy Partners	Office Building/Unsecured	34,422,000
3.	Molina Medical Centers/Molina Healthcare Inc.	Office Building/Unsecured	18,860,978
4.	Eleven Golden Shore LP	Office Building	16,000,000
5.	400 Oceangate Ltd.	Office Building	8,058,616
6.	Long Beach Publishing Co.	Unsecured	2,246,696
7.	UTI United States Inc.	Unsecured	2,115,739
8.	DG Cogen Partners LLC	Unsecured	968,000
9.	Fresh Foods Café Catalina	Unsecured	738,294
10.	Morgan Stanley	Unsecured	714,179
	Total		<u>\$167,189,057</u>

Share of 2010-11 Project-Wide Valuation\*: 93.17%

\*Based upon reported Tax Year 2010-11 Project Area secured and unsecured asessed value of \$179,454,187.  
Source: Los Angeles County Assessor 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 redevelopment 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 West Beach Project Area have filed assessment appeals with respect to the County Assessor’s determination of the taxable value of real property within the West Beach Project Area. The Fiscal Consultant has projected that the current and prior year assessments of taxable value under appeal as of September 30, 2010 could result in projected tax refunds of \$70,000 and a property value reduction of \$4,073,000 for all open appeals. The Fiscal Consultant researched the status of assessment appeals filed by property owners in the West 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. See “APPENDIX B—FISCAL CONSULTANT’S REPORT—Assessment Appeals” and “—Table 4—Assessment Appeal Estimated Impact.”

## Collections Within the West Beach Project Area

Tax increment revenues collected in the West Beach Project Area are determined by the percentage of taxes collected within the West Beach Project Area. As of September 30, 2010, approximately 0.7% of the total tax increment levy for all property within the West Beach Project Area for the 2009-10 Tax Year was delinquent. The following table sets forth the amount of tax collections received by the Agency in Tax Years 2005-06 through 2009-10 for the West Beach Project Area.

**TABLE A-27**  
**West Beach Project Area**  
**Collections of Tax Increment Revenues**  
**Tax Years 2005-06 Through 2009-10**

<b>Tax Year</b>	<b>Total Computed Levy</b>	<b>Total Tax Increment<sup>1</sup></b>	<b>Percent Collected<sup>2</sup></b>	<b>Total Allocation<sup>3</sup></b>	<b>Percent Collected<sup>4</sup></b>
2005-06	\$1,346,297	\$1,307,650	97.13%	\$1,287,113	95.60%
2006-07	1,596,623	1,582,034	99.09	1,684,786	105.52
2007-08	1,927,427	1,910,275	99.11	2,093,368	108.61
2008-09	2,041,479	2,027,185	99.30	1,945,603	95.30
2009-10	2,020,830	2,007,212	99.33	2,021,021	100.01

<sup>1</sup> 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.

<sup>2</sup> Total Tax Increment divided by Total Computed Levy.

<sup>3</sup> 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 and net of County-administered pass throughs.

<sup>4</sup> Total Allocation divided by Total Computed Levy.

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

## Housing Set-Aside

Pursuant to the Housing Indenture, the Agency has pledged the tax increment from the West Beach Project Area required to be deposited in the Low and Moderate Income Housing Fund (the "West Beach Housing Set-Aside") to the payment of the Series 2011 Housing Bonds. A portion of the proceeds of the Series 2002 West Beach Bonds was deposited to the Low and Moderate Income Housing Fund which was used for housing projects in the City. Therefore, the Agency is allowed to use the West Beach Housing Set-Aside to pay up to 43.55% of the debt service on the Series 2002 West Beach Bonds. The Agency's pledge of the West Beach Housing Set-Aside to pay up to 43.55% of the debt service on the Series 2002 West Beach Bonds is senior to the pledge of the West Beach Housing Set-Aside to pay debt service on the Series 2011 Housing Bonds. However, the Agency does not expect to use any of the West Beach Housing Set-Aside to make debt service payments on the Series 2002 West Beach Bonds. The Series 2011 Housing Bonds will have a lien subordinate to that on the Series 2002 West Beach Bonds and the Series 2005 Housing Bonds for the West Beach Housing Set-Aside. The West Beach Housing Set-Aside will be only available for the repayment of the Series 2005 Housing Bonds and the Series 2011 Housing Bonds (subject to the prior lien of the West Beach Housing Set-Aside pledged to the payment of up to 43.55% of the debt service on the Series 2002 West Beach Bonds) and will not be available for repayment of any other Series 2005 Agency Bonds or Series 2011 Agency Bonds (other than the Series 2005 Housing Bonds and the Series 2011 Housing Bonds). See "LIMITATIONS ON TAX REVENUES—Housing Set-Aside." See also "—Historical Revenues" below.

The table below shows the amount of West Beach Housing Set-Aside received as of the end of Tax Years 2005-06 through 2009-10.

**TABLE A-28**  
**West Beach Project Area**  
**West Beach Housing Set-Aside**  
**Tax Years 2005-06 and 2009-10**

<b>Tax Year</b>	<b>West Beach Housing Set-Aside</b>
2005-06	\$ 257,423
2006-07	336,957
2007-08	418,674
2008-09	389,121
2009-10	404,204

Source: Redevelopment Agency of the City of Long Beach

**Historical Revenues**

West Beach Project Area assessed valuation has increased from \$4,055,538 in the 1963-64 base year to \$179,454,187 in Tax Year 2010-11 to produce a total incremental value of \$175,398,649. Since the 2005-06 Tax Year, assessed valuation has increased from \$137,390,880 to \$179,454,187 for the 2010-11 Tax Year to produce an increase of \$42,063,307 for such period of time. The 2010-11 assessed valuation of \$179,454,187 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 West Beach Project Area as of September 30, 2010 is \$38,856,000. The tax increment with respect to the West Beach Project Area was \$2,007,212 for Tax Year 2009-10 as shown in the West Beach Project Area Historical Tax Increment table below.

Actual levels of future West Beach Tax Increment Revenues will depend upon variables such as the rate of growth in tax increment resulting from 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 West Beach Project Area” above.

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The following table shows the historical tax increment for Tax Years 2005-06 through 2009-10 for the West Beach Project Area.

**TABLE A-29**  
**West Beach Project Area**  
**Historical Tax Increment**  
**Tax Years 2005-06 Through 2009-10**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Reported Assessed Value <sup>1</sup>					
Secured	\$111,386,890	\$126,432,245	\$159,412,888	\$168,621,227	\$166,471,328
Unsecured	<u>26,003,990</u>	<u>35,943,311</u>	<u>35,802,335</u>	<u>37,781,300</u>	<u>37,885,927</u>
Total Project Value	<u>137,390,880</u>	<u>162,375,556</u>	<u>195,215,223</u>	<u>206,402,527</u>	<u>204,357,255</u>
Less Base Value <sup>1</sup>	<u>4,055,538</u>	<u>4,055,538</u>	<u>4,055,538</u>	<u>4,055,538</u>	<u>4,055,538</u>
Increment Value	<u>\$133,335,342</u>	<u>\$158,320,018</u>	<u>\$191,159,685</u>	<u>\$202,346,989</u>	<u>\$200,301,717</u>
Average Tax Rate	1.0060440%	1.0054150%	1.0054150%	1.0054150%	1.0054150%
Gross Tax Increment	\$ 1,341,412	\$ 1,591,773	\$ 1,921,948	\$ 2,034,427	\$ 2,013,864
Unitary Tax Revenue	<u>4,884</u>	<u>4,850</u>	<u>5,478</u>	<u>7,052</u>	<u>6,967</u>
Total Computed Levy	<u>\$ 1,346,297</u>	<u>\$ 1,596,623</u>	<u>\$ 1,927,427</u>	<u>\$ 2,041,479</u>	<u>\$ 2,020,830</u>
Total Allocation <sup>2</sup>					
Secured Tax Increment	\$ 1,084,337	\$ 1,235,102	\$ 1,565,202	\$ 1,657,370	\$ 1,635,778
Unsecured Tax Increment	218,429	342,081	339,595	362,763	364,467
Unitary Tax Revenue	<u>4,884</u>	<u>4,850</u>	<u>5,478</u>	<u>7,052</u>	<u>6,967</u>
Total Annual Tax Increment	<u>\$ 1,307,650</u>	<u>\$ 1,582,034</u>	<u>\$ 1,910,275</u>	<u>\$ 2,027,185</u>	<u>\$ 2,007,212</u>
Percent Collected (Annual Tax Increment)	97.13%	99.09%	99.11%	99.30%	99.33%
Total Allocation <sup>3</sup>	<u>\$ 1,287,113</u>	<u>\$ 1,684,786</u>	<u>\$ 2,093,368</u>	<u>\$ 1,945,603</u>	<u>\$ 2,021,021</u>
Percent Collected (Total Allocation)	<u>95.60%</u>	<u>105.52%</u>	<u>108.61%</u>	<u>95.30%</u>	<u>100.01%</u>

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

<sup>2</sup> 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.

<sup>3</sup> 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.

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

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**DEBT SERVICE SCHEDULE AND COVERAGE FOR  
SERIES 2005 HOUSING BONDS AND SERIES 2011 HOUSING BONDS**

The following table shows the debt service schedule and calculation of projected debt service coverage for the Series 2005 Housing Bonds and the Series 2011 Housing Bonds. See "SECURITY

AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS—Security for the Series 2011 Agency Bonds.”

**TABLE A-30**  
**Redevelopment Agency of the City of Long Beach**  
**Debt Service and Coverage Projections**  
**Series 2005 Housing Bonds and Series 2011 Housing Bonds**

Fiscal Year Ending (September 30)	Projected Housing Tax Increment Revenues Available for Debt Service <sup>1</sup>	Total Series 2005 Housing Bonds Debt Service <sup>2</sup>	Total Series 2011 Housing Bonds Debt Service	Project Coverage <sup>3</sup>
2011	\$10,495,000	\$3,653,653		
2012	12,386,000	3,653,337		
2013	12,787,000	3,779,476		
2014	13,196,000	3,780,641		
2015	13,612,000	3,779,252		
2016	14,038,000	3,780,232		
2017	14,471,000	3,779,261		
2018	14,913,000	3,778,159		
2019	15,364,000	4,050,893		
2020	15,825,000	4,053,642		
2021	16,294,000	3,649,172		
2022	16,466,000	3,649,672		
2023	16,843,000	3,646,818		
2024	17,334,000	3,645,610		
2025	17,835,000	3,518,455		
2026	18,298,000	3,519,765		
2027	18,674,000	3,519,058		
2028	19,202,000	3,518,812		
2029	19,740,000	3,518,760		
2030	20,289,000	3,518,635		
2031	20,849,000	3,523,170		
2032	21,421,000	3,521,831		
2033	22,003,000	3,519,618		
2034	22,598,000	3,521,264		
2035	23,204,000	3,521,235		
2036	23,822,000	3,519,264		
2037	24,453,000	3,522,384		
2038	25,096,000	3,522,344		
2039	25,753,000	3,518,872		
2040	26,422,000	3,521,696		

<sup>1</sup> See “APPENDIX B—FISCAL CONSULTANT’S REPORT” for assumptions on calculation of Projected Housing Tax Increment Revenues Available for Debt Service.

<sup>2</sup> Includes debt service due on \$55,665,000 aggregate principal amount of Series 2005 Housing Bonds plus projected Surplus Payments to be made with respect to the Series 2005 Housing Bonds.

<sup>3</sup> Equals Projected Housing Tax Increment Revenues Available for Debt Service divided by Total Series 2005 Housing Bonds Debt Service.

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



**APPENDIX B**  
**FISCAL CONSULTANT REPORTS**

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**FISCAL CONSULTANT REPORT – NORTH REDEVELOPMENT PROJECT AREA &  
CENTRAL REDEVELOPMENT PROJECT AREA**

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**FISCAL CONSULTANT REPORT – HOUSING SET ASIDE**

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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, 2009**

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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 2011 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED IN THE INDENTURE. THE SERIES 2011 BONDS ARE NOT A DEBT OF THE AGENCY, THE CITY, 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 OR ACCRETED VALUE OF OR ANY INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2011 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. THE SERIES 2011 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 2011 BONDS ARE LIABLE PERSONALLY ON THE SERIES 2011 BONDS BY REASON OF THEIR ISSUANCE.**

#### **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 495,000, it is the second largest city in the County and the sixth 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 5,431 full-time equivalent employees within 22 departments.

The police department consists of approximately 1,330 uniformed officers and supporting personnel. The fire department operates 23 fire stations with approximately 544 firefighters, officers and employees.

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, 2010, was estimated to be 494,709 persons. This figure represents 4.7% of the corresponding County figure and 1.3% of the corresponding State figure. The City’s population increased 37.8% during the four decades between 1970 and 2010. The following table illustrates the City’s population growth relative to the population of the County and the State. Population data for 2006-2010 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**

<b>Year</b>	<b>City of Long Beach</b>	<b>County of Los Angeles</b>	<b>State of California</b>
1970	358,879	7,036,980	19,971,022
1980	361,500	7,477,657	22,911,000
1990	429,321	8,863,052	29,758,213
2000	461,522	9,519,330	33,871,648
2006	488,335	10,202,094	37,087,005
2007	488,242	10,231,000	37,463,609
2008	489,090	10,285,296	37,871,509
2009	490,882	10,355,053	38,255,508
2010	494,709	10,441,080	38,648,090

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 2006 through 2010:

**TABLE D-2  
City of Long Beach,  
County of Los Angeles and State of California  
Personal Income 2006-2010**

<b>Year</b>	<b>Area</b>	<b>Total Effective Buying Income (in thousands)</b>	<b>Median Household Effective Buying Income</b>
2006	City of Long Beach	\$ 7,875,111	\$35,493
	Los Angeles County	180,131,260	40,335
	State of California	720,803,929	44,890
2007	City of Long Beach	8,293,722	37,069
	Los Angeles County	190,915,435	41,966
	State of California	764,120,962	46,324
2008	City of Long Beach	8,695,518	38,604
	Los Angeles County	202,646,560	43,883
	State of California	814,894,438	48,217
2009	City of Long Beach	8,810,320	39,214
	Los Angeles County	206,127,854	44,593
	State of California	832,531,446	48,915
2010	City of Long Beach	9,006,580	39,859
	Los Angeles County	207,077,609	45,390
	State of California	844,823,319	49,736

Source: Claritas Incorporated, The Nielsen Company

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## Employment

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

**TABLE D-3**  
**County of Los Angeles**  
**Average Employment by Industry**  
**2005-2009**

<b>Industry</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Agriculture	7,400	7,600	7,500	6,900	6,200
Natural Resources and Mining	3,700	4,000	4,400	4,400	4,100
Construction	148,700	157,500	157,600	145,100	116,500
Manufacturing	471,700	461,700	449,200	434,800	389,200
Wholesale Trade	219,300	225,700	227,000	223,700	204,100
Retail Trade	414,400	423,300	426,000	416,500	386,600
Transportation, Warehousing and Utilities	161,700	165,200	165,600	163,100	151,700
Information	207,600	205,600	209,800	210,300	193,700
Financial Activities	244,000	248,800	246,000	235,700	220,200
Professional and Business Services	576,100	598,900	605,400	582,600	528,100
Education and Health Services	471,300	478,700	490,500	503,400	513,900
Leisure and Hospitality	377,800	388,600	397,900	401,600	383,900
Other Services	144,300	145,200	147,100	146,100	137,900
Government	<u>583,700</u>	<u>589,400</u>	<u>595,700</u>	<u>603,700</u>	<u>599,500</u>
Total Wage and Salary	<u>4,031,600</u>	<u>4,100,100</u>	<u>4,129,600</u>	<u>4,077,600</u>	<u>3,835,600</u>

Source: Employment Development Department, Labor Market Division

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

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The following table sets forth labor force, employment and unemployment by industry since 2005 in the County, the State and the United States:

**TABLE D-4**  
**County of Los Angeles, State of California and United States**  
**Labor Force, Employment and Unemployment Annual Average**

<b>Year</b>	<b>Area</b>	<b>Civilian Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate (%)</b>
2005	Los Angeles County	4,771,400	4,516,000	255,400	5.4%
	California	17,544,800	16,592,200	952,600	5.4
	United States	149,320,000	141,730,000	7,591,000	5.1
2006	Los Angeles County	4,797,400	4,568,200	229,300	4.8
	California	17,718,500	16,851,600	866,900	4.9
	United States	151,428,000	144,427,000	7,001,000	4.6
2007	Los Angeles County	4,863,800	4,617,100	246,700	5.1
	California	17,970,800	17,011,000	959,800	5.3
	United States	153,124,000	146,047,000	7,078,000	4.6
2008	Los Angeles County	4,924,500	4,557,300	367,200	7.5
	California	18,251,600	16,938,300	1,313,200	7.2
	United States	154,287,000	145,362,000	8,924,000	5.8
2009	Los Angeles County	4,896,100	4,328,600	567,500	11.6
	California	18,250,200	16,163,900	2,086,200	11.4
	United States	154,142,000	139,877,000	14,265,000	9.3

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

### Major Employers

The largest employer in the City is the Long Beach Unified School District; it employs approximately 8,304 people. The Long Beach Unified School District has 91 schools and serves approximately 86,283 students. The second largest employer in the City is The Boeing Company (“Boeing”), with facilities at the Long Beach Airport, employing approximately 7,684 persons.

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

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

**TABLE D-5**  
**City of Long Beach**  
**Major Employers As of September 30, 2009**

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

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

### **Industry**

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

### **Commercial Activity**

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

North of the Port at the intersection of the San Diego (I-405) and Long Beach (I-710) freeways is the 55-acre Freeway Business Center, a high-technology office complex which includes Direct TV, Irvin Industries, Inc., Epson America, Inc., Mercedes Benz, Denso Sales California and Toyota. The 41-acre Long Beach Airport Business Park contains approximately 830,000 square feet of office space in addition to a 311-room hotel. The 32-acre Kilroy Airport Center provides approximately 940,000 square feet of office space within six separate buildings. Located in the northern part of the City, these business parks offer a combined total of more than 125 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.

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, Residence Inn and the Maya Hotel. Several all-suites and/or conference hotels in the downtown/ocean area have recently been completed, and others are being constructed and planned.

Taxable sales transactions in the City decreased 6.3% between 2008 and 2009. During the period 2005 through 2009, taxable transactions increased 4.7%. The following table illustrates the City's annual volume of taxable transactions from Fiscal Years 2005 through 2009:

**TABLE D-6**  
**City of Long Beach**  
**Taxable Sales**  
**Fiscal Years 2005 through 2009**  
**(in Thousands)**

Type of Business	2005*	2006*	2007	2008	2009
Apparel Stores	\$ 150,716	\$ 149,357	\$ 150,119	\$ 145,602	\$ 130,464
General Merchandise Stores	295,790	302,746	319,674	314,243	305,002
Drug Stores	71,107	72,209	76,901	77,306	75,859
Food Stores	216,224	220,502	225,109	246,601	214,782
Packaged Liquor	31,278	30,186	29,742	35,909	37,210
Eating/Drinking Places	608,402	647,951	685,944	684,793	661,528
Home Furnishings and Appliances	91,592	98,945	98,069	88,166	79,969
Building Materials and Farm Implements	693,867	822,589	950,450	859,638	938,501
Auto Dealers/Auto Supplies	333,508	309,628	313,617	264,373	279,669
Service Stations	411,695	485,523	507,833	586,069	491,491
Other Retail Stores	462,866	479,519	477,026	415,493	376,469
Retail Stores Totals	<u>\$3,367,045</u>	<u>\$3,619,155</u>	<u>\$3,834,484</u>	<u>\$3,718,193</u>	<u>\$3,590,942</u>
All Other Outlets	854,487	926,674	912,021	998,099	829,510
Total All Outlets	<u>\$4,221,532</u>	<u>\$4,545,829</u>	<u>\$4,746,505</u>	<u>\$4,716,292</u>	<u>\$4,420,452</u>

\* Restated prior years. Recent consultant source modified methodology revising amounts among categories and totals.  
Source: State of California – Board of Equalization

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## Construction

The City issued building permits, valued at approximately \$210 million during Fiscal Year 2010. Of this total approximately 35.8% consisted of residential construction and approximately 64.2% consisted of non-residential construction. The City's annual permit values since Fiscal Year 2006 are set forth below:

**TABLE D-7**  
**City of Long Beach**  
**Building Permit Valuations**  
**Fiscal Years 2006 through 2010**  
**(in Thousands)**

Type of Permit	2006	2007	2008	2009	2010
<b>Residential</b>					
New Single Dwelling	\$ 41,569.0	\$ 16,876.4	\$ 12,366.4	\$ 3,700.2	\$ 5,869.4
New Multi Dwelling	73,148.7	56,107.9	87,383.6	8,719.5	4,298.3
Additions/Alterations	<u>130,081.7</u>	<u>117,410.6</u>	<u>84,226.7</u>	<u>60,475.5</u>	<u>65,000.2</u>
Total Residential*	<u>\$244,799.4</u>	<u>\$190,394.9</u>	<u>\$183,976.7</u>	<u>\$ 72,895.2</u>	<u>\$ 75,167.9</u>
<b>Non-Residential</b>					
New Commercial	\$ 3,847.4	\$ 22,734.7	\$ 31,912.0	\$ 9,092.0	\$ 53,302.4
New Industrial	167.0	259.4	297.5	0.0	22,222.6
Other	12,777.7	1,636.0	2,061.4	1,010.2	58,304.4
Additions/Alterations	<u>81,803.8</u>	<u>82,545.8</u>	<u>55,343.1</u>	<u>52,926.4</u>	<u>1,048.0</u>
Total Non-Residential*	<u>\$98,595.9</u>	<u>\$107,176.0</u>	<u>\$89,614.0</u>	<u>\$63,028.5</u>	<u>\$134,877.4</u>
Total Valuation*	<u>\$343,395.3</u>	<u>\$297,570.8</u>	<u>\$273,590.7</u>	<u>\$135,923.8</u>	<u>\$210,045.3</u>

\* Totals may not add due to rounding.

Source: City of Long Beach, Department of Development

## 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.

The City is also home to The Pike at Rainbow Harbor, a waterfront attraction in Southern California comprised of 300 acres of oceanfront land adjacent to the City's commercial core. It includes the Long Beach Aquarium, Rainbow Harbor, the expanded Long Beach Convention Center and up to 500,000 square feet of entertainment/retail development. The Long Beach Aquarium and Rainbow Harbor opened to the public in June 1998.

The Queen Mary, a vintage ocean liner open to the public since 1971, provides the City with a unique and interesting tourist attraction. The six-deck "Living Sea Museum" is the only facility of its kind in the world. The Queen Mary features three major restaurants, three fast food service facilities and



40 specialty shops. The Queen Mary Hotel, with 365 rooms, is aboard the ship. In addition, a Russian submarine, the "Scorpion," is currently docked adjacent to the Queen Mary and is open for visitors. The Scorpion is another premier waterfront attraction complementing the popular Aquarium of the Pacific and the Queen Mary. Carnival Cruise Lines operates a homeport in Long Beach 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 DC on September 11, 2001, occupancy rate declined. However, the City expects occupancy rates to increase as the Convention Center attracts additional regional convention business.

A \$2.8 million renovation of the Convention Center was substantially completed in the fall of 2001. The renovation was completed pursuant to an agreement between the City and the Jehovah's Witness organization, under which the Jehovah's Witness organization supplied materials and labor for the renovation in exchange for the City's permission to use the facility for 12.6 years. The City expended \$300,000 for permits, furniture and equipment in connection with the renovation. The following table sets forth convention and delegate attendance since 2005.

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

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

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

## **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, among others, the Yard House 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 Z Gallerie, Bath and Body Works, Limited Express and an assortment of restaurants. CityPlace, an urban retail development in the heart of downtown, covers eight city blocks. CityPlace is approximately 450,000 square feet of retail space and 341 residential units. Tenants include Wal-Mart, Albertson's, Sav-On, Nordstrom Rack, Ross Dress for Less, and several other apparel stores and 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**

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 includes the Aquarium of the Pacific, Shoreline Park, Rainbow Harbor, a retail portion and a condominium housing portion.

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, and contains exhibits with more than 12,000 ocean animals, representing over 550 species native to the Pacific Ocean. The Aquarium also contains a theater, learning center, shark lagoons, an indoor/outdoor restaurant and a large gift shop.

## **Petroleum Production**

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

Company. 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, 91 and 213. 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 terminals occupy 108 acres, dry bulk terminals occupy 100 acres, and petroleum and liquid bulk terminals occupy 52 acres. The Port has seven container terminals with 70 cranes (owned by the Harbor Department and tenants) and three container freight station. 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.

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 (i) commercial airline service provided by JetBlue Airways, Mesa Airlines (doing business as US Airways Express), SkyWest Airlines (doing business as Delta Connection) and Horizon Air, and (ii) cargo flights operated by Federal Express and United Parcel Service.

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

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

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

The following table sets forth operations at the Airport during Fiscal Years 2005 through 2009.

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

<b>Fiscal Year</b>	<b>Passengers</b>	<b>Cargo (lbs.)</b>	<b>Aircraft Operations</b>
2005 <sup>1</sup>	3,027,871	108,470,000	344,377
2006 <sup>2</sup>	2,815,015	102,303,000	360,811
2007 <sup>3</sup>	2,880,583	100,354,000	399,622
2008 <sup>4</sup>	2,878,005	100,092,000	354,727
2009 <sup>5</sup>	2,930,911	72,312,000	302,672

<sup>1</sup> In Fiscal Year 2004-05, all 41 carrier flight slots were allocated: 36 flights from four commercial airlines—Alaska, America West, American and JetBlue; and five slots to cargo carriers—Airborne Express, Federal Express and United Parcel Service. In addition, America West operated three commuter flights out of the approved 25 commuter carrier flight slots.

<sup>2</sup> In Fiscal Year 2005-06, all 41 air carrier flight slots were allocated: 37 flights from four commercial airlines—Alaska, America West, American Airlines and JetBlue; and four slots to cargo carriers—Airborne Express, Federal Express and United Parcel Service. In addition, America West operated one commuter flight, while Delta/SkyWest operated four commuter flight slots out of the approved 25 commuter carrier flight slots. American Airlines left the Long Beach Airport on April 2, 2006.

<sup>3</sup> In Fiscal Year 2006-07, all 41 air carrier flight slots were allocated: 37 flights from three commercial airlines – Alaska, JetBlue and US Airways; and four slots to cargo carriers—Airborne Express/DHL, Federal Express and United Parcel Service. In addition, US Airways operated one commuter flight, while Delta/SkyWest operated four commuter flight slots out of the approved 25 commuter carrier flight slots. ExpressJet Airlines was allocated six commuter flight slots and commenced service in late Fiscal Year 2006-07.

<sup>4</sup> In Fiscal Year 2007-08, all 41 air carrier flight slots were allocated: 37 flights from three commercial airlines—Alaska, JetBlue and US Airways; and four slots to cargo carriers—Airborne Express/DHL, Federal Express and United Parcel Service. In addition, US Airways operated one commuter flight, while Delta/SkyWest operated five commuter flight slots out of the approved 25 commuter carrier flight slots. In Fiscal Year 2007-08, ExpressJet Airlines was allocated six commuter carrier flight slots, and it was in operation from October 1, 2007 through September 1, 2008.

<sup>5</sup> In Fiscal Year 2008-09, all 41 air carrier flight slots were allocated: 38 flight slots to three passenger airlines—Alaska, JetBlue, and US Airways, and three flight slots to cargo carriers—Federal Express and United Parcel Service. Of the 25 available commuter carrier flight slots, Delta/Skywest operated five and Horizon operated three.

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

## Utilities

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

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

## Education

The City is served by the Long Beach Unified School District, which provides primary and secondary educational instruction for approximately 86,283 students through the operation of 54 elementary schools, 23 junior high schools, 14 high schools, including one adult school. There are additionally five charter schools. Post-secondary education is available at Long Beach City College, a tax-supported two-year institution administered by the Long Beach Community College District. In addition to the lower division college program, extensive adult education and trade school facilities are offered at Long Beach City College with a current enrollment that exceeds 29,731 per semester.

California State University—Long Beach is located on a 320-acre site in the eastern portion of the City on land donated by the City. Opened in 1949 as Los Angeles-Orange County State College, the institution has been given university status and has a current enrollment of approximately 35,572 per semester. The University’s distinguished educational program offers various undergraduate and graduate degree programs. Enrollment in the educational system serving the City and its residents for the past 5 years is set forth below:

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

Year	Long Beach Unified School District	Long Beach City College	California State University (Long Beach)*
2006	93,589	26,308	33,344
2007	90,633	26,837	34,606
2008	88,186	28,372	35,850
2009	87,509	29,797	36,368
2010	86,283	29,731	33,572

\* Average enrollment per semester; data available as of February 2011.  
Source: Data furnished by each institution, respectively

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

**Community Facilities**

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

The City’s Parks, Recreation and Marine Department coordinate and maintains municipal and school recreational services, including community centers, sports fields, a mountain camp, parks, tennis courts and golf courses. This department also administers the Long Beach 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 also maintains numerous parks devoted to open space and recreation, six miles of beaches and three marinas.

The Parks, Recreation and Marine 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 thousands of participants annually, summer and vacation day camps, hundreds of recreational and educational classes, sailing and aquatics instruction, teen center activities, skateboarding opportunities, and supervised after-school and weekend activities at parks, schools, and mobile recreation sites.

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

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

**APPENDIX E**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**



## APPENDIX F

### BOOK-ENTRY-ONLY SYSTEM

#### Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. The Authority makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2011 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE AUTHORITY NOR 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 2011 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 2011 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, ACCRETED VALUE, REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE TO THE OWNERS OF THE SERIES 2011 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF THE SERIES 2011 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

#### General

DTC will act as securities depository for the Series 2011 Bonds. The Series 2011 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 2011 Bond certificate will be issued for each maturity of each series of the Series 2011 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Bonds Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies,

and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). The Authority has not undertaken any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2011 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 2011 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 2011 Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011 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 2011 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 2011 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2011 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 2011 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2011 Bonds are being redeemed, DTC’s practice is to determine by lot (unless otherwise instructed) the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Accreted Value, redemption premium, if any, and interest payments on the Series 2011 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, the Trustee on the payable date in

1 RESOLUTION NO. R.A.-  
2

3 A RESOLUTION OF THE REDEVELOPMENT AGENCY OF  
4 THE CITY OF LONG BEACH, CALIFORNIA AUTHORIZING  
5 THE ISSUANCE OF TAX ALLOCATION REVENUE BONDS  
6 AND THE SALE OF THE BONDS TO THE LONG BEACH  
7 BOND FINANCE AUTHORITY, AND APPROVING RELATED  
8 DOCUMENTS AND ACTIONS  
9

10 WHEREAS, the City of Long Beach (the "City") and the Redevelopment  
11 Agency of the City of Long Beach, California (the "Agency") have heretofore entered into  
12 a Joint Exercise of Powers Agreement (as amended, the "JPA Agreement") establishing  
13 the Long Beach Bond Finance Authority (the "Authority") for the purpose, among others,  
14 of issuing its bonds to be used to provide financial assistance to the City and the Agency;  
15 and

16 WHEREAS, the Agency is undertaking the redevelopment of its North Long  
17 Beach and Central Long Beach Redevelopment Projects and is conducting housing  
18 activities; and

19 WHEREAS, the Agency has requested that the Authority purchase several  
20 bond issues of the Agency the proceeds of which will provide financing for the North Long  
21 Beach and Central Long Beach Redevelopment Projects and financing for housing  
22 programs of the Agency; and

23 WHEREAS, for the purpose of raising funds necessary to provide such  
24 financial assistance to the Agency, the Authority proposes to authorize the issuance of its  
25 revenue bonds (the "Bonds") under the provisions of Article 4 (commencing with Section  
26 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of  
27 California (the "Act"), in one or more series; and

28 WHEREAS, it is expected that the proceeds of the Bonds will be used to

1 purchase three series of tax allocation revenue bonds (collectively the "Agency Bonds")  
2 issued by the Agency pursuant to three Indentures of Trust, one each for the North Long  
3 Beach Redevelopment Project, the Central Long Beach Redevelopment Project and the  
4 housing activities of the Agency (collectively, and as amended and now in effect, the  
5 "Agency Indentures"), each between the Agency and The Bank of New York Mellon Trust  
6 Company, N.A., as trustee; and

7           WHEREAS, the firms of Stone & Youngberg LLC, Bank of America Merrill  
8 Lynch and E. J. De La Rosa & Co., Inc. (collectively, the "Underwriters") have proposed  
9 to purchase and underwrite the Bonds and there has been presented to the Agency a  
10 form of Bond Purchase Agreement for the Bonds, to be entered into among the Authority,  
11 the Agency and the Underwriters (the "Purchase Agreement"), and there has been  
12 presented to the Agency a proposed form of preliminary official statement (the  
13 "Preliminary Official Statement") describing the Bonds and the Agency Bonds to be used  
14 in connection with the marketing of the Bonds by the Underwriters; and

15           WHEREAS, the Agency Bonds are proposed to be purchased by the  
16 Authority pursuant to the terms of a Local Agency Bond Purchase Contract, to be entered  
17 into by the Agency and the Authority (the "Local Agency Bond Purchase Agreement");  
18 and

19           WHEREAS, the Agency has duly considered such transactions and wishes  
20 at this time to approve said transactions in the public interests of the Agency.

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

23           Section 1. Findings and Determinations. Pursuant to the Act, the  
24 Agency hereby finds and determines that the issuance of the Bonds will result in savings  
25 in effective interest rates, bond underwriting costs and bond issuance costs and thereby  
26 result in significant public benefits to the members of the Authority within the  
27 contemplation of Section 6586 of the Act.

28           Section 2. Issuance of Agency Bonds. The Agency hereby authorizes

1 the issuance of the Agency Bonds in three separate series, with a separate series for  
2 each of the North Long Beach Redevelopment Project, the Central Long Beach  
3 Redevelopment Project and the housing programs. The Agency Bonds shall be issued  
4 pursuant to the Agency Indentures and shall be in the following maximum principal  
5 amounts: \$66,000,000 with respect to the North Long Beach Redevelopment Project,  
6 \$67,000,000 with respect to the Central Long Beach Redevelopment Project, and  
7 \$65,000,000 with respect to the housing programs. The proceeds of the Agency Bonds  
8 shall be applied as set forth in the Agency Indentures.

9           Section 3.    Approval of Agency Indenture and Supplements to Agency  
10 Indentures. The Agency hereby approves the First Supplemental Indenture of Trust  
11 related to the Central Long Beach Redevelopment Project, the Indenture of Trust related  
12 to the housing projects and the Fourth Supplemental Indenture of Trust related to the  
13 North Long Beach Redevelopment Project (collectively, the "Indenture and  
14 Supplements"), in the respective forms on file with the Secretary. The Chair, Executive  
15 Director and Treasurer of the Agency (collectively, the "Designated Officers"), each acting  
16 alone, are hereby authorized and directed to execute the Indenture and Supplements for  
17 and in the name and on behalf of the Agency, in such forms, together with such additions  
18 thereto and changes therein as the Executive Director of the Agency, upon consultation  
19 with the City Attorney and Bond Counsel, shall deem necessary, desirable or appropriate,  
20 the execution of which by a Designated Officer shall be conclusive evidence of the  
21 approval of any such additions and changes. The Agency hereby authorizes the delivery  
22 and performance of the Indenture and Supplements.

23           Section 4.    Sale of Agency Bonds. The Agency hereby approves the sale  
24 of the Agency Bonds to the Authority pursuant to the Local Agency Bond Purchase  
25 Agreement in the form on file with the Secretary, which Local Agency Bond Purchase  
26 Agreement is hereby approved. The Designated Officers, each acting alone, are hereby  
27 authorized and directed to execute the Local Agency Bond Purchase Agreement for and  
28 in the name and on behalf of the Agency in such form, together with such additions

1 thereto and changes therein as the Executive Director of the Agency, upon consultation  
2 with the City Attorney and Bond Counsel, shall deem necessary, desirable or appropriate,  
3 and the execution of which by a Designated Officer shall be conclusive evidence of the  
4 approval of any such additions or changes. The Board hereby authorizes the delivery and  
5 performance of the Local Agency Bond Purchase Agreement.

6           Section 5.    Sale of Bonds. The Agency hereby approves the sale of the  
7 Bonds by the Authority by negotiation with the Underwriters, pursuant to the Purchase  
8 Agreement in the form on file with the Secretary. The Designated Officers, each acting  
9 alone, are hereby authorized and directed to execute the Purchase Agreement for and in  
10 the name and on behalf of the Agency in such form, together with such additions thereto  
11 and changes therein as the Executive Director of the Agency, upon consultation with the  
12 City Attorney and Bond Counsel, shall deem necessary, desirable or appropriate, the  
13 execution of which by the Agency shall be conclusive evidence of the approval of such  
14 additions and changes, upon the submission of an offer by the Underwriters to purchase  
15 the Bonds, which offer is acceptable to the Treasurer of the Agency and consistent with  
16 the requirements of this Resolution. The amount of Underwriters' discount for the Bonds  
17 shall be not more than three-quarters of one percent (0.75%) of the par amount thereof  
18 (not taking into account any original issue discount on the sale thereof), the net interest  
19 cost of the Bonds issued as bonds the interest on which is excluded from gross income  
20 for federal tax purposes shall not exceed eight and one-tenth percent (8.10%) per  
21 annum, and the net interest cost of the Bonds issued as bonds the interest on which is  
22 subject to federal income taxation shall not exceed ten and one-half percent (10.50%) per  
23 annum.

24           Section 6.   Official Statement. The Agency hereby authorizes the  
25 Designated Officers, each acting alone, to cause the Preliminary Official Statement to be  
26 finalized, and to deem final within the meaning of Rule 15c2-12 of the Securities  
27 Exchange Act of 1934, except for permitted omissions, the Preliminary Official Statement.  
28 Distribution of the Preliminary Official Statement by the Underwriters is hereby approved.

1 The Designated Officers, each acting alone, are hereby authorized to execute a final  
2 Official Statement describing the Bonds and the Agency Bonds, including as the  
3 Preliminary Official Statement may be modified by such additions thereto and changes  
4 therein as the Executive Director of the Agency, upon consultation with the City Attorney  
5 and Disclosure Counsel, shall deem necessary, desirable or appropriate, and the  
6 execution of the final Official Statement by the Agency shall be conclusive evidence of  
7 the approval of any such additions and changes. The Agency hereby authorizes the  
8 distribution of the final Official Statement by the Underwriters.

9 Section 7. Continuing Disclosure Agreement. The Continuing Disclosure  
10 Agreement relating to the Bonds and the Agency Bonds, in the form on file with the  
11 Secretary, is hereby approved. The Designated Officers, each acting alone, are hereby  
12 authorized and directed, for and in the name of and on behalf of the Agency, to execute  
13 and deliver the Continuing Disclosure Agreement in said form, with such additions thereto  
14 or changes therein as are deemed necessary, desirable or appropriate by the Executive  
15 Director of the Agency, upon consultation with the City Attorney and Disclosure Counsel,  
16 the approval of such changes to be conclusively evidenced by the execution and delivery  
17 by a Designated Officer of the Continuing Disclosure Agreement.

18 Section 8. Official Actions. The Designated Officers, the Secretary and  
19 any and all other officers of the Agency are hereby authorized and directed, for and in the  
20 name and on behalf of the Agency, to do any and all things and take any and all actions,  
21 including execution and delivery of any and all assignments, certificates, requisitions,  
22 agreements, notices, consents, instruments of conveyance, warrants, agreements and  
23 other documents which they, or any of them, may deem necessary or advisable in order  
24 to consummate the lawful issuance and sale of the Bonds and the Agency Bonds, and  
25 the purchase of the Agency Bonds by the Authority.

26 Section 9. Effective Date. This Resolution shall take effect from and  
27 after the date of its passage and adoption.  
28

1 I hereby certify that the foregoing Resolution was adopted by the Board of  
2 Directors of the Redevelopment Agency of the City of Long Beach, at a meeting on  
3 \_\_\_\_\_, 2011, by the following vote:

4 Ayes: Boardmembers: \_\_\_\_\_

5 \_\_\_\_\_

6 \_\_\_\_\_

7 Noes: Boardmembers: \_\_\_\_\_

8 \_\_\_\_\_

8 Absent: Boardmembers: \_\_\_\_\_

9 \_\_\_\_\_

10 \_\_\_\_\_  
11 Secretary

12 OFFICE OF THE CITY ATTORNEY  
13 ROBERT E. SHANNON, City Attorney  
14 333 West Ocean Boulevard, 11th Floor  
15 Long Beach, CA 90802-4664  
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