

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

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE FIVE MONTHS ENDED JUNE 30, 2012**

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

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

FOR THE FIVE MONTHS ENDED JUNE 30, 2012

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**CERTIFIED  
PUBLIC  
ACCOUNTANTS  
& BUSINESS  
ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the fiduciary fund of the Successor Agency to Industry Urban-Development Agency, a component unit of the City of Industry, as of and for the five months ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Successor Agency to Industry Urban-Development Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary fund of the Successor Agency to Industry Urban-Development Agency as of June 30, 2012, and the changes in financial position for the five months then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the California State Legislature enacted legislation that dissolved the redevelopment agencies in the state of California as of February 1, 2012. On February 1, 2012, the City of Industry, as the Successor Agency to Industry Urban-Development Agency, became responsible for overseeing the dissolution process and wind down of redevelopment activity.

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In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2013 on our consideration of the Successor Agency of the Industry Urban-Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the Successor Agency of the Industry Urban-Development Agency's financial statements as a whole. The schedules of long-term debt on pages 33 through 49 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of long-term debt are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



February 11, 2013  
Redlands, California

# **Management's Discussion and Analysis**

SUCCESSOR AGENCY TO THE  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Successor Agency to the Industry Urban-Development Agency ("SA to IUDA"), we offer readers of the SA to IUDA's basic financial statements this narrative overview and analysis of the financial activities of the SA to IUDA for the period from its inception on February 1, 2012 through June 30, 2012. Please read this information in conjunction with the SA to IUDA's component unit basic financial statements.

### **Financial Highlights**

Pursuant to Assembly Bill X1 26, redevelopment agencies in California were dissolved effective February 1, 2012. The legislation provided that all assets, properties, leases, books, records, buildings and equipment were transferred to the SA to IUDA on February 1, 2012. SA to IUDA will be responsible for overseeing the dissolution process and the wind down of the former Industry Urban-Development Agency's ("IUDA") activities.

At February 1, 2012, the SA to IUDA recorded the receipt of the IUDA's assets \$745.9 million and liabilities \$657.4 million.

### **General Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the SA to IUDA's basic financial statements. The SA to IUDA's basic financial statements comprise two components: 1) basic financial statements and 2) notes to the basic financial statements. These financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting.

This year is the first period the SA to IUDA reported financial activity. In future years, when prior year information is available, a comparative analysis of the SA to IUDA's financial data will be presented.

### **Financial Analysis**

Net assets may serve over time as a useful indicator of a government's financial position. At the close of June 30, 2012, the SA to IUDA has net assets of \$86.5 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Shown below is a schedule that summarizes the SA to IUDA's net assets held in trust:

Table 1  
Fiduciary Net Assets

	Governmental Activities 2012
<b>Assets</b>	
Current and other assets	\$ 204,730,557
Property held for sale or disposition	<u>520,740,924</u>
Total assets	<u><u>725,471,481</u></u>
<b>Liabilities</b>	
Current and other liabilities	36,732,249
Bonds payable, net	<u>602,256,594</u>
Total liabilities	<u>638,988,843</u>
Total net assets held in trust	<u><u>\$ 86,482,638</u></u>

The SA to IUDA has \$86.2 million held in restricted investments with the fiscal agent for the repayment of senior bonded debt. In addition the SA to IUDA has \$38.6 million of unspent bond proceeds held in investments to be used to fund the completion of the remaining capital projects.

**Operating activities:** Over the five month period ended June 30, 2012, the SA to IUDA had additions exceeding deductions in the amount of \$0.67 million and other financing uses of \$2.7 million. The SA to IUDA recognized an extraordinary gain of \$88.5 million from the transfer of the net assets over liabilities from the IUDA at February 1, 2102. All of these items for the five months ended June 30, 2012 resulted in a change in net assets of \$86.5 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Key elements of the SA to IUDA's additions and deductions are presented below:

Table 2  
Change in Fiduciary Net Assets

	Governmental Activities
	2012
Additions:	
Redevelopment agency property tax trust fund	\$ 16,735,425
Interest income	544,545
Rental and other income	2,209,028
Total additions	19,488,998
Deductions:	
Bond interest expense	17,513,592
Amortization of bond costs and premiums/discounts	291,732
Administrative expenses	1,013,340
Total deductions	18,818,664
Other financing (uses), net	(2,683,778)
Extraordinary item from IUDA dissolution	88,496,082
Change in net assets	86,482,638
Net assets held in trust, beginning of period	-
Net assets held in trust, end of year	\$ 86,482,638

### Revenues and Recognized Obligation Payments Schedule

Pursuant to AB X1 26, the SA to IUDA is required to adopt a Recognized Obligation Payments Schedule ("ROPS"). A ROPS, listing all enforceable obligations due and payable in the six month coverage period, is prepared semi-annually and is the basis for the distribution of property tax revenues from the Redevelopment Property Tax Trust Fund (Trust Fund). Management has determined that the ROPS will serve as a replacement for the SA to IUDA's annual budget. The Semi-annual Administrative Budget for the SA to IUDA is presented and approved by the Successor Agency (governing) Board and the SA to IUDA's Oversight Board, and subsequently approved as part of the ROPS by the State Department of Finance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**Requests for Information**

This financial report is designed to provide a general overview of the SA to IUDA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at the City of Industry, PO Box 3305, City of Industry, California 91744.

# **Basic Financial Statements**

SUCCESSOR AGENCY  
 TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY  
 (A COMPONENT UNIT OF CITY OF INDUSTRY)  
 STATEMENT OF NET ASSETS  
 FIDUCIARY FUND  
 JUNE 30, 2012

		<u>Private-purpose Trust Fund</u>
<b>ASSETS</b>		
Cash	\$	87,630
Investments		89,279,057
Investments with fiscal agent - restricted		86,180,902
Due from City of Industry		7,465,015
Notes receivable		21,261,522
Other receivables		456,431
Property held for sale or disposition		520,740,924
Total assets	\$	<u><u>725,471,481</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$	6,977,475
Interest payable		7,761,487
Other liabilities		813,490
Advances from City of Industry		14,421,308
Due to City of Industry		6,758,489
Bonds payable, net		602,256,594
Total liabilities		<u><u>638,988,843</u></u>
<b>NET ASSETS</b>		
Net assets held in trust	\$	<u><u>86,482,638</u></u>

The accompanying notes are an integral part of this statement

SUCCESSOR AGENCY  
TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF CITY OF INDUSTRY)  
STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUND  
FOR THE FIVE MONTHS ENDED JUNE 30, 2012

	<u>Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Redevelopment Agency Property Tax Trust Fund	\$ 16,735,425
Total contributions	<u>16,735,425</u>
Interest and investment revenue:	
Interest income	544,545
Rental and other income	<u>2,209,028</u>
Total interest and investment revenue	<u>2,753,573</u>
Total additions	<u>19,488,998</u>
<b>DEDUCTIONS</b>	
Obligation retirements	
Bond interest expense	17,513,592
Amortization of bond costs and premiums/discounts	<u>291,732</u>
Total obligation retirements	<u>17,805,324</u>
Administrative expenses	1,013,340
Total deductions	<u>18,818,664</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer in from City of Industry	190,505
Other sources	59,263
Transfers out to City of Industry	<u>(2,933,546)</u>
Total other financing (uses) sources	<u>(2,683,778)</u>
Change in net assets before extraordinary items	<u>(2,013,444)</u>
<b>EXTRAORDINARY ITEMS</b>	
Assets of Industry Urban Development Agency	745,866,001
Liabilities of Industry Urban Development Agency	<u>(657,369,919)</u>
Total extraordinary items	<u>88,496,082</u>
Change in net assets	86,482,638
<b>Net assets held in trust - beginning</b>	<u>-</u>
Net assets held in trust - ending	<u>\$ 86,482,638</u>

The accompanying notes are an integral part of this statement

# **Notes to the Financial Statements**

SUCCESSOR AGENCY TO THE  
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NOTES TO THE FINANCIAL STATEMENTS

**1. Summary of significant accounting policies**

Description of the reporting entity

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

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to the other units of state and local government. The City has elected to become the Successor Agency (referred to as the "SA to IUDA").

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

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

The Bill directs the State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the Industry Urban-Development Agency was reported in the governmental funds of the IUDA component unit financial statements. After the date of dissolution the remaining assets, liabilities, and activities of the dissolved IUDA, are reported in the Successor Agency fiduciary fund (private-purpose trust fund) in the SA to IUDA component unit financial statements.

The transfer of the assets and liabilities of the IUDA as of February 1, 2012 from governmental funds of the IUDA component unit financial statements to fiduciary funds is reported as an extraordinary gain in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

**1. Summary of significant accounting policies (continued)**

Basis of accounting and measurement focus

The basic financial statements of SA to IUDA are composed of the following:

- Fund financial statements
- Notes to the financial statements

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

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements. The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting.

Cash and investments

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

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

Redevelopment property tax revenues

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

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NOTES TO THE FINANCIAL STATEMENTS

**1. Summary of significant accounting policies (continued)**

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

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

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

Property held for sale or disposition

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

Issuance costs, original issue discounts, premiums, and refunding

Issuance costs are reported as deferred charges and are amortized into the appropriate expense category. Long-term debt is reported net of the applicable premiums, discounts, and deferred amounts on refunding. The premiums, discounts, and deferred amounts on refunding are amortized over the remaining life of the debt instrument.

Extraordinary item

Extraordinary items are both 1) unusual in nature, and 2) infrequent in occurrence.

The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual and infrequent. Accordingly, the transfer of the assets and liabilities of the former IUDA as of February 1, 2012 were recorded as an extraordinary gain in the SA to IUDA's financial statements.

The components of the extraordinary gain recognized are as follows:

Transfers in of the former IUDA's assets as of February 1, 2012	\$ 745,866,001
Transfers in of the former IUDA's liabilities as of February 1, 2012	(657,369,919)
Extraordinary gain from IUDA dissolution	\$ <u>88,496,082</u>

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NOTES TO THE FINANCIAL STATEMENTS

**1. Summary of significant accounting policies (continued)**

Use of estimates

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

**2. Cash and investments**

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

Cash and investments as of June 30, 2012, consisted of the following:

	Amount
Cash	\$ 87,630
Investments	89,279,057
Investments with fiscal agent - restricted	86,180,902
Total cash and investments	\$ 175,547,589
Cash	\$ 87,630
Investments	175,459,959
Total cash and investments	\$ 175,547,589

Cash

SA to IUDA may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2012, SA to IUDA's deposits had not exceeded federally insured limits.

Investments authorized by SA to IUDA's investment policy

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

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

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NOTES TO THE FINANCIAL STATEMENTS

**2. Cash and investments (continued)**

The SA to IUDA's investment policy does not contain any specific provisions intended to limit SA to IUDA's exposure to interest rate risk, credit risk, and concentration risk.

Investments authorized by debt agreements

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

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

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

Custodial credit risk

Custodial credit risk is the risk that, in the event of a failure by the counterparty, SA to IUDA will not be able recover the value of its investments or collateral security that are in the possession of an outside party. Under section 53652 of the California Government Code, it is required that the depository secure active or inactive deposits with eligible securities having a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2012, the financial institutions that hold collateral for SA to IUDA had satisfied this requirement.

Interest rate risk

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

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2. **Cash and investments (continued)**

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity Date (in months)</u>
Commercial paper	\$ 10,336,403	0.43
LAIF	78,942,654	11.6
Held by bond trustee:		
Government obligations	51,669,483	N/A
Treasury obligations	31,932,990	N/A
Investment contracts	2,578,429	144.1
Total investments	<u>\$ 175,459,959</u>	

Credit risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2012</u>	
			<u>Rated</u>	<u>Not Rated</u>
Commercial paper	\$ 10,336,403	Aaa/P-1	\$ 10,336,403	\$
LAIF	78,942,654	N/A		78,942,654
Held by bond trustee:				
Government obligations	51,669,483	AAA	51,669,483	
Treasury obligations	31,932,990	AAA	31,932,990	
Investment contracts	2,578,429	A-2	2,578,429	
Total investments	<u>\$ 175,459,959</u>		<u>\$ 96,517,305</u>	<u>\$ 78,942,654</u>

The ratings for commercial paper were A-1+ and A-1, and the ratings for the treasury obligations and investment contracts were AAA.

Concentration of credit risk

The investment policy of SA to IUDA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2012, SA to IUDA did not have investments in any one issuer (other than investments issued or explicitly guaranteed by the U.S. government, mutual funds and external investment pools) that represent 5% or more of total SA to IUDA investments.

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NOTES TO THE FINANCIAL STATEMENTS

**2. Cash and investments (continued)**

State of California Local Agency Investment Fund

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

At June 30, 2012, the carrying amount of the investments in LAIF amounted to \$78,942,654 and its fair value amounted to \$79,038,936.

**3. Property held for sale or disposition**

When a property is held for sale, such property will be carried at the lower of (i) its carrying amount or (ii) the estimated fair value less costs to sell. In addition, all depreciable property being held for sale (such as buildings and infrastructure) will cease to be depreciated. As of June 30, 2012, the SA to IUDA has classified all the properties as held for sale or disposition due to the winding down of the Successor Agency's operations.

As of June 30, 2012, the carrying amount of SA to IUDA's property held for sale or disposition amounted to \$520,740,924 and consists of the following:

PROPERTY HELD FOR SALE OR DISPOSITION	BALANCE FEBRUARY 1, 2012	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2012
Capital Assets Not Being Depreciated				
Land	\$ 298,056,956			\$ 298,056,956
Construction in progress	45,655,613	2,032,409		47,688,022
Infrastructure	175,911,531			175,911,531
Buldings and improvements	23,057,066			23,057,066
Furniture and fixtures	574,322			574,322
Vehicles	65,807			65,807
Totals	<u>543,321,295</u>	<u>2,032,409</u>	<u>-</u>	<u>545,353,704</u>
Less: Accumulated depreciation	<u>(24,612,780)</u>	<u>-</u>	<u>-</u>	<u>(24,612,780)</u>
Capital assets, net	<u>\$ 518,708,515</u>	<u>\$ 2,032,409</u>	<u>\$ -</u>	<u>\$ 520,740,924</u>

The SA to IUDA is no longer recording depreciation expense on its capital assets as these assets are being held for sale or disposition.

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable**

2003 Tax Allocation Bonds (Taxable)

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

As part of the aforementioned bond issuances the IUDA and City entered into a loan agreement in order to enhance the security of the IUDA bonds and thereby reduce the overall borrowing costs. The City agreed to loan IUDA \$14,019,840 to secure the aforementioned IUDA bonds and to provide an additional source of funding for the bonds. IUDA agreed to repay all advances with interest at 8% per annum. In accordance with the loan agreement, the City deposited with U.S. Bank (the "Trustee") \$14,019,840, hereinafter referred to as the "Loan Fund". The monies will be held in trust for the benefit of the City and the bond owners. The proceeds of the Loan Fund will be used to make advances to IUDA under this loan agreement. IUDA has assigned all of its rights to these proceeds to the Trustee as security for the bonds and their owners. The City has advanced all the monies in the Loan Fund to IUDA. These monies are deposited with U.S. Bank as trustee and have been recorded on the accompanying financial statements as "Investments with fiscal agent – restricted" in the amount of \$14,421,308.

Bonds outstanding at January 31, 2012 of \$114,660,000 were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

2003 Subordinate Lien Tax Allocation Refunding Bonds

On December 30, 2003, IUDA and the City entered into the "Bond Exchange Agreement". IUDA incurred debt to the City in the amount of approximately \$213,200,000 including accrued interest of \$17,654,981 from loans from the City's Redevelopment Revolving Fund as described in Note 5. IUDA had agreed to payoff this debt with proceeds from the issuance of 2003 Subordinate Lien Tax Allocation Refunding Bonds.

The IUDA and City determined that the 2003 Subordinate Lien Tax Allocation Refunding Bonds were not of a sufficient credit quality which would enable them to be publicly marketed. The City was willing to acquire these bonds in exchange for the cancellation of the remaining balance of IUDA's indebtedness under the Revolving Fund Agreement.

On December 30, 2003, IUDA exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 \$83,785,692 2003 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 \$119,719,962 2003 Subordinate Lien Tax Allocation Refunding Bonds, and Project No. 3 \$9,726,529 2003 Subordinate Lien Tax Allocation Refunding Bonds.

Bonds outstanding at January 31, 2012 of \$156,300,983 were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

2005 Subordinate Lien Tax Allocation Refunding Bonds

On April 20, 2005, the City and IUDA entered into the "2005 Revolving Fund Loan Agreement". The City issued its 2005 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$113,420,000 and deposited the net proceeds of approximately \$102,200,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2005, IUDA issued \$113,420,000 of 2005 Subordinate Lien Tax Allocation Refunding Bonds to the City and the City agreed to accept the bonds as full payment of the 2005 Redevelopment Revolving Fund loan.

In December 2005, IUDA and City amended the 2005 revolving fund loan agreement, whereas the agreement originally provided that the principal amount of the loans was to equal to the \$113,420,000 par value of the bonds. The City and IUDA have then agreed to amend the loan agreement to provide that the principal amount of the loans equal the net proceeds of approximately \$102,200,000 deposited into the redevelopment revolving fund.

IUDA exchanged the following bonds for cancellation of the indebtedness to the City: Project No. 1 \$71,868,838 2005 Subordinate Lien Tax Allocation Refunding Bonds, Project No. 2 \$17,788,304 2005 Subordinate Lien Tax Allocation Refunding Bonds and Project No. 3 \$12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bonds.

These bonds were subject to redemption after December 1, 2007, from any available source of funds. In March 2009, IUDA redeemed the \$12,574,490 2005 Subordinate Lien Tax Allocation Refunding Bond of Project No. 3 through funds from the sale of land and LAIF investments. IUDA paid a redemption premium of \$214,532 and accrued interest of \$2,281,625 on the outstanding principal balance of \$11,020,000, at the date of redemption, for a total redemption price of \$13,516,157.

Bonds outstanding at January 31, 2012 of \$70,060,000 were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

2008 Subordinate Lien Tax Allocation Refunding Bonds

On April 1, 2008, IUDA and City entered into the "2008 Revolving Fund Loan Agreement". The City issued its 2008 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$77,540,000 and deposited the net proceeds of approximately \$69,900,000 from this issue into the Redevelopment Revolving Fund which constitutes a loan to IUDA. In April 2008, IUDA issued \$69,900,000 of 2008 Subordinate Lien Tax Allocation Refunding Bonds to the City and the City agreed to accept the bonds as full payment of the 2008 Redevelopment Revolving Fund loan.

The bonds are payable from and secured by a pledge and a lien on the tax increment revenues from each respective project areas and are subordinate to various bonds previously issued.

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

2008 Subordinate Lien Tax Allocation Refunding Bonds (continued)

As of April 8, 2008, IUDA exchanged the following bonds for cancellation of the indebtedness to the City: \$33,673,437 2008 Project No.1 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 8.25%; \$31,083,173 2008 Project No. 2 Subordinate Lien Tax Allocation Refunding Bonds with average interest rate of 5.75%; \$5,120,288 2008 Project No. 3 Subordinate Lien Tax Allocation Refunding Bonds with average interest of 10%.

Bonds outstanding at January 31, 2012 of \$64,029,289 were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable)

IUDA and the City, on April 20, 2010, entered into the "2010 Revolving Fund Loan Agreement." The City issued its 2010 Taxable Sales Tax Revenue Bonds in the aggregate principal amount of \$45,380,000 and deposited the net proceeds of approximately \$40,000,000 from this issue into the Redevelopment Revolving Fund, which constitutes the 2010 Redevelopment Revolving Fund Loan, a loan to IUDA. In April 2010, IUDA issued the 2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable) to the City in the amount of \$40,000,000 and the City had then agreed to accept the bonds as full payment of the 2010 Redevelopment Revolving Fund loan.

The bonds are payable from and secured by a pledge and a lien on the tax increment revenues from each respective project area and are subordinate to various bonds previously issued.

As of April 20, 2010, IUDA exchanged the \$40,000,000 2010 Project No. 2 Subordinate Lien Tax Allocation Refunding Bonds (Taxable) with a fixed interest rate of 9.15% for cancellation of the indebtedness to the City.

Bonds outstanding at January 31, 2012 were \$37,860,000 and were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

Civic-Recreational-Industrial Redevelopment Project No. 1

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

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

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

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

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

Bonds outstanding at January 31, 2012 of \$121,975,000 were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

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

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

During fiscal year 2009, an examination of the IUDA's spending of bond proceeds related to tax exempt bonds was conducted by the Internal Revenue Service (IRS). As a result of the examination, the IRS determined that the IUDA's bond proceeds spending of the 2003 \$68,090,000 Project 1 Tax Allocation Bonds Series B (2003 Series B Bond) issuance was in violation of IRS Section Code 149 (g) (2) related to the timely spending requirements posed by the section code. The IUDA and the IRS agreed on a cash settlement on the violation in the amount of \$500,000 and the redemption of a portion of the 2003 Series B bond in the amount of \$27,170,000.

Bonds outstanding at January 31, 2012 of \$23,620,000 were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

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

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

Bonds outstanding at January 31, 2012 of \$15,330,000 were transferred to the SA to IUDA on February 1, 2012 due to the dissolution of the IUDA.

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

Transportation-Distribution-Industrial Redevelopment Project No. 2

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

Bonds outstanding at January 31, 2012 of \$11,985,000 were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the IUDA.

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

Bonds outstanding at January 31, 2012 of \$29,405,000 were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the IUDA.

Transportation-Distribution-Industrial Redevelopment Project No. 3

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

Bonds outstanding at January 31, 2012 of \$12,085,000 were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the IUDA.

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

Bonds outstanding at January 31, 2012 of \$32,990,000 were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the IUDA.

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

As of June 30, 2012, details of bonds payable are as follows:

<u>DESCRIPTION / TERMS</u>	<u>INTEREST RATE</u>	<u>BALANCE JANUARY 31, 2012</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2012</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<b>Industry Urban-Development</b>					
<b>Agency Project No. 1:</b>					
\$197,000,000 2002 Tax Allocation Refunding Bonds, due in annual principal installments of \$10,340,000 to \$14,915,000 through May 1, 2021	5.000% to 5.500%	\$ 121,975,000	\$ (9,930,000)	\$ 112,045,000	\$ 10,340,000
\$78,720,000 2003 Tax Allocation Bonds, Series A (Taxable), due in annual principal installments of \$4,265,000 to \$6,660,000 through May 1, 2021	5.25% to 6.000%	52,265,000	(4,060,000)	48,205,000	4,265,000
\$68,090,000 2003 Tax Allocation Bonds, Series B (Taxable), due in annual principal installments of \$1,745,000 to \$3,180,000 through May 1, 2021	3.5% to 5.000%	23,620,000	(1,570,000)	22,050,000	1,745,000
\$83,785,692 2003 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$4,445,000 to \$9,525,000 through December 1, 2020	10.000%	60,335,000	-	60,335,000	4,445,000
\$71,868,838 2005 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$2,585,000 to \$5,900,000 through December 1, 2025	6.250% to 6.800%	56,155,000	-	56,155,000	2,585,000
\$16,038,957 2007 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$1,055,000 to \$2,115,000 through December 1, 2022	8.000%	15,330,000	-	15,330,000	1,055,000
\$33,673,437 2008 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$1,545,000 to \$3,695,000 through December 1, 2024	8.250%	29,754,000	-	29,754,000	1,545,000
Totals - Project No. 1		\$ 359,434,000	\$ (15,560,000)	\$ 343,874,000	\$ 25,980,000

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

DESCRIPTION / TERMS	INTEREST RATE	BALANCE JANUARY 31, 2012	ADDITIONS (RETIRED)	BALANCE JUNE 30, 2012	AMOUNTS DUE WITHIN ONE YEAR
<b>Industry Urban-Development Agency Project No. 2:</b>					
\$17,270,000 2002 Tax Allocation Refunding Bonds, due in annual principal installments of \$735,000 to \$1,190,000 through May 1, 2024	4.000% to 4.750%	\$ 11,985,000	\$ (710,000)	\$ 11,275,000	\$ 735,000
\$39,730,000 2003 Tax Allocation Bonds (Taxable), due in annual principal installments of \$1,675,000 to \$3,125,000 through May 1, 2024	5.300% to 6.100%	29,405,000	(1,595,000)	27,810,000	1,675,000
\$119,719,962 2003 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$4,773,046 to \$10,901,285 through December 1, 2023	10.000%	89,715,984	-	89,715,984	4,773,046
\$17,788,304 2005 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$640,000 to \$1,460,000 through December 1, 2025	6.250 to 6.800%	13,905,000	-	13,905,000	640,000
\$31,083,172 2008 Subordinate Lien Tax Allocation Refunding Bonds, due in annual principal installments of \$720,000 to \$6,050,000 through December 1, 2026	5.750%	29,155,000	-	29,155,000	720,000
\$40,000,000 2010 Subordinate Tax Allocation Refunding Bonds (Taxable), due in annual principal installments of \$1,275,000 to \$4,335,000 through December 1, 2026	9.150%	37,860,000	-	37,860,000	1,275,000
Totals - Project No. 2		\$ 212,025,984	\$ (2,305,000)	\$ 209,720,984	\$ 9,818,046

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

<u>Description / Terms</u>	<u>INTEREST RATE</u>	<u>BALANCE JANUARY 31, 2012</u>	<u>ADDITIONS (RETIRED)</u>	<u>BALANCE JUNE 30, 2012</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<b>Industry Urban-Development</b>					
<b>Agency Project No. 3:</b>					
\$17,455,000 2002 Tax Allocation					
Refunding Bonds, due in annual principal					
installments of \$740,000 to \$1,200,000					
through May 1, 2024					
	4.000% to 5.000%	\$ 12,085,000	(715,000)	\$ 11,370,000	\$ 740,000
\$44,585,000 2003 Tax Allocation Bonds					
(Taxable), due in annual principal					
installments of \$1,885,000 to \$3,510,000					
through May 1, 2024					
	5.300% to 6.100%	32,990,000	(1,790,000)	31,200,000	1,885,000
\$9,726,529 2003 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$660,000 to					
\$1,165,000 through December 1, 2018					
	10.000%	6,250,000	-	6,250,000	660,000
\$5,120,288 2008 Subordinate Lien Tax					
Allocation Refunding Bonds, due in annual					
principal installments of \$77,886 to					
\$1,267,544 beginning in December 1,					
2017 through December 1, 2026					
	10.000%	5,120,289	-	5,120,289	-
Totals - Project No. 3					
		<u>56,445,289</u>	<u>(2,505,000)</u>	<u>53,940,289</u>	<u>3,285,000</u>
Combined totals		\$ <u>627,905,273</u>	\$ <u>(20,370,000)</u>	\$ <u>607,535,273</u>	\$ <u>39,083,046</u>

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

The annual requirements to amortize the bonds outstanding as of June 30, 2012 are as follows:

<u>YEAR ENDED JUNE 30</u>			
<u>PROJECT AREA NO. 1</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2013	\$ 22,801,937	\$ 25,980,000	\$ 48,781,937
2014	21,107,455	27,642,000	48,749,455
2015	19,273,298	29,435,000	48,708,298
2016	17,306,080	31,364,000	48,670,080
2017	15,163,970	33,461,000	48,624,970
2018-2022	38,659,885	167,444,000	206,103,885
2023-2027	3,630,800	28,548,000	32,178,800
Total	\$ <u>137,943,425</u>	\$ <u>343,874,000</u>	\$ <u>481,817,425</u>
<u>PROJECT AREA NO. 2</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2013	\$ 14,736,660	\$ 9,818,046	\$ 24,554,706
2014	16,192,958	10,513,023	26,705,981
2015	18,000,826	11,252,646	29,253,472
2016	20,232,858	12,062,697	32,295,555
2017	22,982,553	12,928,357	35,910,910
2018-2022	182,460,569	80,249,261	262,709,830
2023-2027	129,069,022	72,896,954	201,965,976
Total	\$ <u>403,675,446</u>	\$ <u>209,720,984</u>	\$ <u>613,396,430</u>
<u>PROJECT AREA NO. 3</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
2013	\$ 2,953,944	\$ 3,285,000	\$ 6,238,944
2014	2,755,188	3,475,000	6,230,188
2015	2,538,276	3,695,000	6,233,276
2016	2,305,364	3,915,000	6,220,364
2017	2,055,558	4,165,000	6,220,558
2018-2022	8,621,519	22,271,483	30,893,002
2023-2027	18,808,271	13,133,806	31,942,077
Total	\$ <u>40,038,120</u>	\$ <u>53,940,289</u>	\$ <u>93,978,409</u>

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NOTES TO THE FINANCIAL STATEMENTS

**4. Bonds Payable (continued)**

The annual requirements to amortize the combined bonds outstanding as of June 30, 2012 are as follows:

<u>YEAR ENDED JUNE 30</u>						
<u>TOTALS</u>		<u>INTEREST</u>		<u>PRINCIPAL</u>		<u>TOTAL</u>
2013	\$	40,492,541	\$	39,083,046	\$	79,575,587
2014		40,055,601		41,630,023		81,685,624
2015		39,812,400		44,382,646		84,195,046
2016		39,844,302		47,341,697		87,185,999
2017		40,202,081		50,554,357		90,756,438
2018-2022		229,741,973		269,964,744		499,706,717
2023-2027		151,508,093		114,578,760		266,086,853
Total	\$	<u>581,656,991</u>	\$	<u>607,535,273</u>	\$	<u>1,189,192,264</u>

Changes in long-term liabilities for the five month period ended June 30, 2012 are as follows:

	January 31, 2012	Increases	Decreases	June 30, 2012	Amounts due within one year
Bonds payable:					
Tax allocation	\$ 627,905,273	\$ -	\$ (20,370,000)	\$ 607,535,273	\$ 39,083,046
Less deferred amounts:					
Unamortized premiums on refundings	1,031,503	-	(93,199)	938,304	203,400
Deferred charges	(1,756,729)	-	128,809	(1,627,920)	(287,951)
Total bonds payable	<u>627,180,047</u>	<u>-</u>	<u>(20,334,390)</u>	<u>606,845,657</u>	<u>38,998,495</u>
Other :					
Bond Issuance Cost	(4,845,183)	-	256,121	(4,589,062)	582,589
Totals	<u>\$ 622,334,864</u>	<u>\$ -</u>	<u>\$ (20,078,269)</u>	<u>\$ 602,256,595</u>	<u>\$ 39,581,084</u>

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NOTES TO THE FINANCIAL STATEMENTS

**5. Receivables**

Developer notes receivable - construction loan – related party

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

	Amount June 30, 2012	Principal Amounts due in one year	Non-current Principal
Due June, 2022, payable in monthly payments of \$78,171 including interest at 4.00% per annum beginning July 2002	\$ 7,721,009	\$ 640,882	\$ 7,080,127
Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	6,583,806	546,489	6,037,317
Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	2,216,516	183,983	2,032,533
Totals	\$ 16,521,331	\$ 1,371,353	\$ 15,149,978

Total interest received on these notes during the five months ended June amounted to \$ 280,922 .

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NOTES TO THE FINANCIAL STATEMENTS

**5. Receivables (continued)**

Developer notes receivable – Nissan Auto Mall

In May 2010, IUDA entered into an agreement with a Developer that is related to the ex-Mayor of the City, to redevelop certain real property located within the City of Industry, Redevelopment Plan for Project Area No. 1. In order to finance the property acquisition, the IUDA had provided the Developer with a loan of \$4,500,000. Under the agreement, the developer made interest only payments at \$5,000 per month starting on May 1, 2010 through April 1, 2012. On May 1, 2012, the Developer started making monthly principal and interest payments at an annual rate of 4% due monthly on the outstanding note balance.

	Amount June 30, 2012	Principal Amounts due in one year	Non-current Principal
Due May, 2022, payable in monthly payments of \$25,069 including interest at 4.00% per annum beginning May 2012	\$ 4,740,191	\$ 113,285	\$ 4,626,906

Total interest income received on this note during the five months ended June 30, 2012, amounted to \$ 70,831

As of June 30, 2012, receivables on the statement of net assets consisted of the following:

	Balance June 30, 2012
Developer notes receivable - construction loan - related party	\$ 16,521,331
Developer notes receivable - Nissan	4,740,191
Total notes receivable	21,261,522
Accrued interest receivable	65,408
Accounts receivable	391,023
Total other receivable	456,431
Totals	\$ 21,717,953

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NOTES TO THE FINANCIAL STATEMENTS

**6. Rental property**

The SA to IUDA rents land, buildings and housing to others through non-cancelable rental agreements. Future minimum rental income payments based on terms in effect at June 30, 2012 are as follows:

YEAR ENDING JUNE 30	AMOUNT
2013	\$ 7,095,804
2014	8,230,840
2015	8,784,861
2016	9,170,916
2017	8,831,201
2018-2022	39,835,396
2023-2027	42,486,794
2028-2032	42,802,220

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

In the event that rental income on the buildings is insufficient to repay any loans outstanding related to any financing of such building projects, and operation and maintenance of the various buildings, the SA to IUDA is required to contribute fifty percent for any shortfall as a capital contribution if the Company issues a demand for additional capital. Such payments if made by SA to IUDA on the projects would be subject to return by the Company with interest at the prime rate plus three percent provided that future rents generate revenue for SA to IUDA. During the five month period ended June 30, 2012, SA to IUDA earned and received \$2,207,882 in rental income from the Company.

**7. Self-insurance plan**

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

As of June 30, 2012, there are no pending claims outstanding against the SA to IUDA.

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

NOTES TO THE FINANCIAL STATEMENTS

**8. Low and moderate income housing**

In December of 1992, pursuant to the authority of Government Code 65584.3, IUDA entered into an agreement with the City and the Housing Authority of the County of Los Angeles (“HACoLA”). Under this agreement, IUDA agreed to pay HACoLA each fiscal year an amount equal to 20 percent of tax increment revenues accruing to IUDA for such fiscal year (the “HACoLA Payment”). The HACoLA Payments for fiscal year 2011-12 and fiscal year 2012-13 are listed on the Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”). However, the DOF has disapproved these ROPS items, arguing that the HACoLA Payments are no longer enforceable obligations after the dissolution of IUDA pursuant to AB X1 26. The matter is the subject of a pending lawsuit at the Superior Court of the State of California for the County of Sacramento, *Southern California Association of Non-Profit Housing v. State of California Department of Finance et al.* (Case No. 34-2012-80001355).

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

**9. Transactions with related parties**

IUDA leases land, buildings, and permanently attached equipment to the Industry Convalescent Hospital d.b.a. El Encanto Healthcare and Habilitation Center. The Hospital is a component unit of the City of Industry and is being discretely presented in the basic financial statement of the City of Industry. IUDA leases the property for \$1 a year, renewed annually, which at the time of renewal, the lease may be terminated or the lease payment renegotiated by IUDA.

As of June 30, 2012, SA to IUDA has advances from the City of \$14,421,308 and has an additional amount of \$706,526 owed to the City. These amounts are shown as Due from City of Industry of \$7,465,015, Advances from City of Industry of \$14,421,308, and Due to City of Industry of \$6,758,489 on the statement of net assets. A total of \$343,580,273 in Agency bonds are owned by the City and \$112,045,000 in Agency bonds are owned by the Industry Public Facilities Authority, a component unit of the City of Industry.

As further discussed in Note 5 – Receivables, the IUDA entered into an agreement with a developer that is related to the ex-Mayor of the City.

**10. Commitments and contingencies**

Risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

**10. Commitments and contingencies (continued)**

Project commitments

As of June 30, 2012, the total net assets held in trust were \$86,482,638. All of the net assets are fully committed to funding project obligations and the debt service on the bonds payable.

**11. School district agreement**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

**12. Successor Agency Trust for Assets of the former Industry Urban-Development Agency**

The assets and liabilities of the IUDA as of January 31, 2012 that were transferred to the Successor Agency were as follows:

		January 31, 2012
Cash and investments	\$	103,055,675
Receivables - current		1,500,476
Bond issuance costs, net		4,845,183
Investments with fiscal agent - restricted		97,406,999
Receivables - non-current		20,349,154
Land held for sale		22,667,390
Capital assets not being depreciated:		
Land		275,389,566
Construction in progress		45,655,613
Capital assets, net of accumulated depreciation		174,995,945
Total assets	\$	745,866,001
Accounts payable	\$	7,078,148
Accrued interest payable		8,284,492
Due to City of Industry		405,925
Long-term liabilities:		
Advances from City of Industry		14,421,308
Portion due or payable within one year		37,983,114
Portion due or payable after one year		589,196,932
Total liabilities		657,369,919
Net assets	\$	88,496,082

**13. Subsequent Events**

Pursuant to AB X1 26, the IUDA was dissolved as of February 1, 2012. To provide for the financing and refinancing of the redevelopment Project Areas No.1, No.2 and No. 3, the IUDA issued multiple series of bonds pursuant to the Redevelopment Law. At the time the IUDA bonds were issued, the IUDA secured the bonds by a pledge of tax increment revenues allocated and paid to the IUDA pursuant to HS 33670(b) with respect to the relevant project area.

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

NOTES TO THE FINANCIAL STATEMENTS

**13. Subsequent Events (continued)**

At a special municipal election held on June 20, 1978, more than two-thirds of the City's voters authorized the City to levy an ad valorem tax (the "Property Tax Override") in connection with up to \$250 million principal amount of City general obligation bonds (the "1978 Authorization").

Pursuant to the 1978 Authorization, the City has issued multiple series of general obligation bonds and general obligation refunding bonds. In connection with the outstanding general obligation bonds and general obligation refunding bonds of the City, the City continues to levy the Property Tax Override on taxable properties in the City, including Project Area No.1, No.2 and No.3.

Under HSC Section 33670(e) tax increment revenues received by the IUDA excluded any property tax override levied by a taxing entity for bonds issued for the acquisition or improvement of real property if the levy of such override was approved by the voters of the taxing agency on or after January 1, 1989. Because the Property Tax Override was authorized in 1978 (i.e. before January 1, 1989), tax increment revenues allocated and paid to the IUDA with respect to Project Area No.1, No.2 and No.3 for each fiscal year included a portion of the Property Tax Override (such portion of the Property Tax Override referred to as the "Agency Override Portion").

Pursuant to the IUDA bond indentures, tax increment revenues pledged to the IUDA bonds include the Agency Override Portion.

Generally under HSC Section 34183, the Los Angeles County Auditor-Controller is required to deposit into the SA's Redevelopment Property Tax Trust Fund property tax revenues that the IUDA would have received as tax increment revenues if the IUDA had not been dissolved. After the IUDA was dissolved the Auditor-Controller in administering the allocation of property taxes pursuant to AB X1 26, is disbursing the Agency Override Portion to the City, instead of depositing the Agency Override Portion into the SA's Redevelopment Property Tax Trust Fund.

On December 12, 2012, the SA to the IUDA by resolution #SA 2012-17 and the City of Industry by resolution #CC 2012-34, the City of Industry will remit to the SA to the IUDA all Agency Override Portion of the property taxes received from the Los Angeles Auditor-Controller.

## **Other Supplementary Information**

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

SCHEDULE OF LONG-TERM DEBT  
\$197,000,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2013	5.375%	\$ 3,011,700	\$ 10,340,000	\$ 3,011,700	\$ 16,363,400
2014	5.500%	2,733,813	10,785,000	2,733,813	16,252,626
2015	5.500%	2,437,225	11,260,000	2,437,225	16,134,450
2016	5.500%	2,127,575	11,775,000	2,127,575	16,030,150
2017	5.000%	1,803,763	12,320,000	1,803,763	15,927,526
2018	5.000%	1,495,763	12,910,000	1,495,763	15,901,526
2019	5.500%	1,173,013	13,535,000	1,173,013	15,881,026
2020	5.500%	800,800	14,205,000	800,800	15,806,600
2021	5.500%	410,163	14,915,000	410,163	15,735,326
TOTALS		\$ <u>15,993,815</u>	\$ <u>112,045,000</u>	\$ <u>15,993,815</u>	\$ <u>144,032,630</u>

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

SCHEDULE OF LONG-TERM DEBT  
\$78,720,000 2003 TAX ALLOCATION BONDS SERIES A (TAXABLE) - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2013	5.250%	\$ 1,397,904	\$ 4,265,000	\$ 1,397,904	\$ 7,060,808
2014	5.300%	1,285,948	4,490,000	1,285,948	7,061,896
2015	5.300%	1,166,963	4,725,000	1,166,963	7,058,926
2016	6.000%	1,041,750	4,980,000	1,041,750	7,063,500
2017	6.000%	892,350	5,275,000	892,350	7,059,700
2018	6.000%	734,100	5,595,000	734,100	7,063,200
2019	6.000%	566,250	5,930,000	566,250	7,062,500
2020	6.000%	388,350	6,285,000	388,350	7,061,700
2021	6.000%	199,800	6,660,000	199,800	7,059,600
TOTALS		\$ <u>7,673,415</u>	\$ <u>48,205,000</u>	\$ <u>7,673,415</u>	\$ <u>63,551,830</u>

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

SCHEDULE OF LONG-TERM DEBT  
\$68,090,000 2003 TAX ALLOCATION BONDS SERIES B - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2013	3.500%	\$ 482,163	\$ 1,745,000	\$ 482,163	\$ 2,709,326
2014	3.750%	451,625	1,920,000	451,625	2,823,250
2015	3.875%	415,625	2,110,000	415,625	2,941,250
2016	4.000%	374,744	2,290,000	374,744	3,039,488
2017	4.125%	328,944	2,490,000	328,944	3,147,888
2018	4.250%	277,588	2,610,000	277,588	3,165,176
2019	5.000%	222,125	2,745,000	222,125	3,189,250
2020	5.000%	153,500	2,960,000	153,500	3,267,000
2021	5.000%	79,500	3,180,000	79,500	3,339,000
TOTALS		\$ <u>2,785,814</u>	\$ <u>22,050,000</u>	\$ <u>2,785,814</u>	\$ <u>27,621,628</u>

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

SCHEDULE OF DEBT SERVICE  
\$83,785,692 2003 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

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FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	10.000%	\$ 3,016,750	\$ 4,445,000	\$ 2,794,500	\$ 10,256,250
2014	10.000%	2,794,500	4,885,000	2,550,250	10,229,750
2015	10.000%	2,550,250	5,375,000	2,281,500	10,206,750
2016	10.000%	2,281,500	5,915,000	1,985,750	10,182,250
2017	10.000%	1,985,750	6,505,000	1,660,500	10,151,250
2018	10.000%	1,660,500	7,155,000	1,302,750	10,118,250
2019	10.000%	1,302,750	7,870,000	909,250	10,082,000
2020	10.000%	909,250	8,660,000	476,250	10,045,500
2021	10.000%	476,250	9,525,000	-	10,001,250
TOTALS		\$ <u>16,977,500</u>	\$ <u>60,335,000</u>	\$ <u>13,960,750</u>	\$ <u>91,273,250</u>

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

SCHEDULE OF DEBT SERVICE  
\$71,868,838 2005 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	6.250%	\$ 1,856,380	\$ 2,585,000	\$ 1,775,599	\$ 6,216,979
2014	6.250%	1,775,599	2,750,000	1,689,661	6,215,260
2015	6.400%	1,689,661	2,920,000	1,596,221	6,205,882
2016	6.400%	1,596,221	3,110,000	1,496,701	6,202,922
2017	6.300%	1,496,701	3,310,000	1,392,436	6,199,137
2018	6.550%	1,392,436	3,515,000	1,277,320	6,184,756
2019	6.550%	1,277,320	3,740,000	1,154,835	6,172,155
2020	6.700%	1,154,835	3,990,000	1,021,170	6,166,005
2021	6.700%	1,021,170	4,255,000	878,628	6,154,798
2022	6.700%	878,628	4,540,000	726,538	6,145,166
2023	6.700%	726,538	4,845,000	564,230	6,135,768
2024	6.800%	564,230	5,175,000	388,280	6,127,510
2025	6.800%	388,280	5,520,000	200,600	6,108,880
2026	6.800%	200,600	5,900,000	-	6,100,600
TOTALS		<u>\$ 16,018,599</u>	<u>\$ 56,155,000</u>	<u>\$ 14,162,219</u>	<u>\$ 86,335,818</u>

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

SCHEDULE OF DEBT SERVICE  
\$16,038,957 2007 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

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FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	8.000%	\$ 613,200	\$ 1,055,000	\$ 571,000	\$ 2,239,200
2014	8.000%	571,000	1,140,000	525,400	2,236,400
2015	8.000%	525,400	1,235,000	476,000	2,236,400
2016	8.000%	476,000	1,335,000	422,600	2,233,600
2017	8.000%	422,600	1,440,000	365,000	2,227,600
2018	8.000%	365,000	1,555,000	302,800	2,222,800
2019	8.000%	302,800	1,680,000	235,600	2,218,400
2020	8.000%	235,600	1,815,000	163,000	2,213,600
2021	8.000%	163,000	1,960,000	84,600	2,207,600
2022	8.000%	84,600	2,115,000	-	2,199,600
TOTALS		\$ <u>3,759,200</u>	\$ <u>15,330,000</u>	\$ <u>3,146,000</u>	\$ <u>22,235,200</u>

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

SCHEDULE OF DEBT SERVICE  
\$33,673,437 2008 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

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FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	8.250%	\$ 1,227,353	\$ 1,545,000	\$ 1,163,621	\$ 3,935,974
2014	8.250%	1,163,621	1,672,000	1,094,651	3,930,272
2015	8.250%	1,094,651	1,810,000	1,019,989	3,924,640
2016	8.250%	1,019,989	1,959,000	939,180	3,918,169
2017	8.250%	939,180	2,121,000	851,689	3,911,869
2018	8.250%	851,689	2,296,000	756,979	3,904,668
2019	8.250%	756,979	2,486,000	654,431	3,897,410
2020	8.250%	654,431	2,691,000	543,428	3,888,859
2021	8.250%	543,428	2,913,000	423,266	3,879,694
2022	8.250%	423,266	3,153,000	293,205	3,869,471
2023	8.250%	293,205	3,413,000	152,419	3,858,624
2024	8.250%	152,419	3,695,000	-	3,847,419
TOTALS		\$ <u>9,120,211</u>	\$ <u>29,754,000</u>	\$ <u>7,892,858</u>	\$ <u>46,767,069</u>

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

SCHEDULE OF LONG-TERM DEBT  
\$17,270,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2013	4.000%	\$ 255,737	\$ 735,000	\$ 255,737	\$ 1,246,474
2014	4.125%	241,037	765,000	241,037	1,247,074
2015	4.250%	225,259	795,000	225,259	1,245,518
2016	4.375%	208,365	830,000	208,365	1,246,730
2017	4.400%	190,209	865,000	190,209	1,245,418
2018	4.500%	171,179	905,000	171,179	1,247,358
2019	4.600%	150,816	945,000	150,816	1,246,632
2020	4.750%	129,081	990,000	129,081	1,248,162
2021	4.750%	105,569	1,035,000	105,569	1,246,138
2022	4.750%	80,988	1,085,000	80,988	1,246,976
2023	4.750%	55,219	1,135,000	55,219	1,245,438
2024	4.750%	28,263	1,190,000	28,263	1,246,526
TOTALS		\$ <u>1,841,722</u>	\$ <u>11,275,000</u>	\$ <u>1,841,722</u>	\$ <u>14,958,444</u>

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

SCHEDULE OF LONG-TERM DEBT  
\$39,730,000 2003 TAX ALLOCATION BONDS (TAXABLE) - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2013	5.300%	\$ 820,185	\$ 1,675,000	\$ 820,185	\$ 3,315,370
2014	5.500%	775,798	1,765,000	775,798	3,316,596
2015	5.500%	727,260	1,865,000	727,260	3,319,520
2016	5.500%	675,973	1,965,000	675,973	3,316,946
2017	6.000%	621,935	2,075,000	621,935	3,318,870
2018	6.000%	559,685	2,195,000	559,685	3,314,370
2019	6.000%	493,835	2,330,000	493,835	3,317,670
2020	6.000%	423,935	2,470,000	423,935	3,317,870
2021	6.100%	349,835	2,620,000	349,835	3,319,670
2022	6.100%	269,925	2,775,000	269,925	3,314,850
2023	6.100%	185,288	2,950,000	185,288	3,320,576
2024	6.100%	95,313	3,125,000	95,313	3,315,626
TOTALS		\$ <u>5,998,967</u>	\$ <u>27,810,000</u>	\$ <u>5,998,967</u>	\$ <u>39,807,934</u>

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

SCHEDULE OF DEBT SERVICE  
\$119,719,962 2003 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATE ON BONDS MATURING	PRINCIPAL DECEMBER 1,	INTEREST DECEMBER 1,	TOTAL DEBT SERVICE
2013	10.000%	\$ 4,773,046	\$ 6,623,917	\$ 11,396,963
2014	10.000%	5,148,023	8,404,265	13,552,288
2015	10.000%	5,552,646	10,563,111	16,115,757
2016	10.000%	5,987,697	13,172,024	19,159,721
2017	10.000%	6,458,357	16,325,643	22,784,000
2018	10.000%	6,965,155	20,125,364	27,090,519
2019	10.000%	7,511,061	24,697,137	32,208,198
2020	10.000%	8,100,245	30,194,737	38,294,982
2021	10.000%	8,736,159	36,798,583	45,534,742
2022	10.000%	9,421,641	44,719,511	54,141,152
2023	10.000%	10,160,670	54,212,051	64,372,721
2024	10.000%	10,901,284	65,242,738	76,144,022
TOTALS		\$ <u>89,715,984</u>	\$ <u>331,079,081</u>	\$ <u>420,795,065</u>

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

SCHEDULE OF DEBT SERVICE  
\$17,788,304 2005 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	6.250%	\$ 459,664	\$ 640,000	\$ 439,664	\$ 1,539,328
2014	6.250%	439,667	685,000	418,258	1,542,925
2015	6.400%	418,258	720,000	395,218	1,533,476
2016	6.400%	395,218	770,000	370,578	1,535,796
2017	6.300%	370,577	820,000	344,747	1,535,324
2018	6.550%	344,748	870,000	316,255	1,531,003
2019	6.550%	316,255	930,000	285,798	1,532,053
2020	6.700%	285,797	985,000	252,800	1,523,597
2021	6.700%	252,800	1,055,000	217,458	1,525,258
2022	6.700%	217,458	1,125,000	179,770	1,522,228
2023	6.700%	179,770	1,200,000	139,570	1,519,340
2024	6.800%	139,570	1,280,000	96,050	1,515,620
2025	6.800%	96,050	1,365,000	49,640	1,510,690
2026	6.800%	49,640	1,460,000	-	1,509,640
TOTALS		\$ <u>3,965,472</u>	\$ <u>13,905,000</u>	\$ <u>3,505,806</u>	\$ <u>21,376,278</u>

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

SCHEDULE OF DEBT SERVICE  
\$31,083,172 2008 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	5.750%	\$ 838,206	\$ 720,000	\$ 817,506	\$ 2,375,712
2014	5.750%	817,506	760,000	795,656	2,373,162
2015	5.750%	795,656	805,000	772,513	2,373,169
2016	5.750%	772,513	850,000	748,075	2,370,588
2017	5.750%	748,075	900,000	722,200	2,370,275
2018	5.750%	722,200	955,000	694,744	2,371,944
2019	5.750%	694,744	1,010,000	665,706	2,370,450
2020	5.750%	665,706	1,065,000	635,088	2,365,794
2021	5.750%	635,088	1,125,000	602,744	2,362,832
2022	5.750%	602,744	1,190,000	568,531	2,361,275
2023	5.750%	568,531	1,260,000	532,306	2,360,837
2024	5.750%	532,306	1,335,000	493,925	2,361,231
2025	5.750%	493,925	5,410,000	338,388	6,242,313
2026	5.750%	338,388	5,720,000	173,938	6,232,326
2027	5.750%	173,938	6,050,000	-	6,223,938
TOTALS		\$ <u>9,399,526</u>	\$ <u>29,155,000</u>	\$ <u>8,561,320</u>	\$ <u>47,115,846</u>

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

SCHEDULE OF DEBT SERVICE  
\$40,000,000 2010 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS (TAXABLE) - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	9.150%	\$ 1,732,095	\$ 1,275,000	\$ 1,673,764	\$ 4,680,859
2014	9.150%	1,673,764	1,390,000	1,610,171	4,673,935
2015	9.150%	1,610,171	1,515,000	1,540,860	4,666,031
2016	9.150%	1,540,860	1,660,000	1,464,915	4,665,775
2017	9.150%	1,464,915	1,810,000	1,382,108	4,657,023
2018	9.150%	1,382,108	1,975,000	1,291,751	4,648,859
2019	9.150%	1,291,751	2,155,000	1,193,160	4,639,911
2020	9.150%	1,193,160	2,350,000	1,085,648	4,628,808
2021	9.150%	1,085,648	2,570,000	968,070	4,623,718
2022	9.150%	968,070	2,805,000	839,741	4,612,811
2023	9.150%	839,741	3,060,000	699,746	4,599,487
2024	9.150%	699,746	3,340,000	546,941	4,586,687
2025	9.150%	546,941	3,645,000	380,183	4,572,124
2026	9.150%	380,183	3,975,000	198,326	4,553,509
2027	9.150%	198,326	4,335,000	-	4,533,326
TOTALS		\$ <u>16,607,479</u>	\$ <u>37,860,000</u>	\$ <u>14,875,384</u>	\$ <u>69,342,863</u>

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

SCHEDULE OF LONG-TERM DEBT  
\$17,455,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2013	4.000%	\$ 260,824	\$ 740,000	\$ 260,824	\$ 1,261,648
2014	4.125%	246,024	770,000	246,024	1,262,048
2015	4.250%	230,143	805,000	230,143	1,265,286
2016	4.375%	213,037	835,000	213,037	1,261,074
2017	4.400%	194,771	875,000	194,771	1,264,542
2018	4.500%	175,521	910,000	175,521	1,261,042
2019	4.600%	155,046	955,000	155,046	1,265,092
2020	4.750%	133,081	995,000	133,081	1,261,162
2021	4.750%	109,450	1,045,000	109,450	1,263,900
2022	4.750%	84,631	1,095,000	84,631	1,264,262
2023	5.000%	58,625	1,145,000	58,625	1,262,250
2024	5.000%	30,000	1,200,000	30,000	1,260,000
TOTALS		\$ <u>1,891,153</u>	\$ <u>11,370,000</u>	\$ <u>1,891,153</u>	\$ <u>15,152,306</u>

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

SCHEDULE OF LONG-TERM DEBT  
\$44,585,000 2003 TAX ALLOCATION BONDS (TAXABLE) - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2013	5.300%	\$ 920,148	\$ 1,885,000	\$ 920,148	\$ 3,725,296
2014	5.500%	870,195	1,980,000	870,195	3,720,390
2015	5.500%	815,745	2,090,000	815,745	3,721,490
2016	5.500%	758,270	2,205,000	758,270	3,721,540
2017	6.000%	697,633	2,325,000	697,633	3,720,266
2018	6.000%	627,883	2,470,000	627,883	3,725,766
2019	6.000%	553,783	2,610,000	553,783	3,717,566
2020	6.000%	475,483	2,770,000	475,483	3,720,966
2021	6.100%	392,383	2,935,000	392,383	3,719,766
2022	6.100%	302,865	3,115,000	302,865	3,720,730
2023	6.100%	207,858	3,305,000	207,858	3,720,716
2024	6.100%	107,055	3,510,000	107,055	3,724,110
TOTALS		\$ <u>6,729,301</u>	\$ <u>31,200,000</u>	\$ <u>6,729,301</u>	\$ <u>44,658,602</u>

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

SCHEDULE OF DEBT SERVICE  
\$9,726,529 2003 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2013	10.000%	\$ 312,500	\$ 660,000	\$ 279,500	\$ 1,252,000
2014	10.000%	279,500	725,000	243,250	1,247,750
2015	10.000%	243,250	800,000	203,250	1,246,500
2016	10.000%	203,250	875,000	159,500	1,237,750
2017	10.000%	159,500	965,000	111,250	1,235,750
2018	10.000%	111,250	1,060,000	58,250	1,229,500
2019	10.000%	58,250	1,165,000	-	1,223,250
TOTALS		\$ <u>1,367,500</u>	\$ <u>6,250,000</u>	\$ <u>1,055,000</u>	\$ <u>8,672,500</u>

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

SCHEDULE OF DEBT SERVICE  
\$5,120,288 2008 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE  
JUNE 30, 2012

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	TOTAL DEBT SERVICE
2012 - 2017		\$	\$	\$
2018	10.000%	320,208	204,792	525,000
2019	10.000%	378,015	206,985	585,000
2020	10.000%	937,130	442,870	1,380,000
2021	10.000%	521,049	213,951	735,000
2022	10.000%	217,114	77,886	295,000
2023	10.000%	391,668	123,332	515,000
2024	10.000%	575,351	159,649	735,000
2025	10.000%	5,135,057	1,259,943	6,395,000
2026	10.000%	5,346,663	1,163,337	6,510,000
2027	10.000%	6,552,456	1,267,544	7,820,000
TOTALS		\$ <u>20,374,711</u>	\$ <u>5,120,289</u>	\$ <u>25,495,000</u>