

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

June 30, 2014

Financial Statements

With

Independent Auditor's Report

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

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2014

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**CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

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

Eadie and Payne, LLP

December 19, 2014
Redlands, California

Basic Financial Statements

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

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

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
JUNE 30, 2014

1. Summary of significant accounting policies

Description of the reporting entity

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued)

Description of the reporting entity (continued)

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

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

Basis of accounting and measurement focus

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

New Accounting Standard

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued)

Cash and investments

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

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

Redevelopment property tax revenues

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

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

Distribution Dates	Covers Recognized Obligation Payment Schedules to be Paid
January 2	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.

Tax Override Monies

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued)

Property held for sale or disposition

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

Bond issuance costs and premiums/discounts

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

Use of estimates

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

2. Cash and investments

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

2. Cash and investments (continued)

Cash

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

Investments authorized by SA to IUDA's investment policy

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

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

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

Investments authorized by debt agreements

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

2. Cash and investments (continued)

Custodial credit risk

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

Interest rate risk

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

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

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JUNE 30, 2014

2. Cash and investments (continued)

Credit risk

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

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

State of California Local Agency Investment Fund

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

3. Property held for sale or disposition

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

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

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

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

4. Bonds Payable

2003 Tax Allocation Bonds (Taxable)

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

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

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

2003 Tax Allocation Bonds (Taxable) (continued)

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

2003 Subordinate Lien Tax Allocation Refunding Bonds

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

2005 Subordinate Lien Tax Allocation Refunding Bonds

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

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

2008 Subordinate Lien Tax Allocation Refunding Bonds

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

2010 Subordinate Lien Tax Allocation Refunding Bonds (Taxable)

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

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

Civic-Recreational-Industrial Redevelopment Project No. 1

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

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

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

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

Transportation-Distribution-Industrial Redevelopment Project No. 2

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

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

Transportation-Distribution-Industrial Redevelopment Project No. 3

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

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

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4. Bonds Payable (continued)

Revenue pledged

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

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

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

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

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

Revenue pledged (continued)

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

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

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

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

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4. Bonds Payable (continued)

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

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

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

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

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4. Bonds Payable (continued)

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

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

YEAR ENDED JUNE 30

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. Bonds Payable (continued)

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

YEAR ENDED JUNE 30

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

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

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

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5. Receivables

Developer notes receivable - construction loan

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

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

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

Developer notes receivable – Nissan Auto Mall

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

5. Receivables (continued)

Developer notes receivable – Nissan Auto Mall (continued)

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

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

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

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

6. Rental property

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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6. Rental property (continued)

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

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

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

7. Self-insurance plan

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

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

8. Low and moderate income housing

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

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

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8. Low and moderate income housing (continued)

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

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

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

9. Transactions with related parties

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

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

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

10. Commitments and contingencies

Risk management

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

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NOTES TO THE FINANCIAL STATEMENTS
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10. Commitments and contingencies (continued)

Project commitments

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

11. School district agreement

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

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

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

12. Subsequent events

School district litigation

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

12. Subsequent event (continued)

School district litigation (continued)

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

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

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

Advance/loan agreement

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

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

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

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

Other Supplementary Information

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN - DEVELOPMENT AGENCY
(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, 2014

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

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, 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE OF LONG-TERM DEBT
\$17,270,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

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

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

SCHEDULE OF LONG-TERM DEBT
\$39,730,000 2003 TAX ALLOCATION BONDS (TAXABLE) - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST NOVEMBER 1,	PRINCIPAL MAY 1,	INTEREST MAY 1,	TOTAL DEBT SERVICE
2015	5.50%	\$ 727,260	\$ 1,865,000	\$ 727,260	\$ 3,319,520
2016	5.50%	675,973	1,965,000	675,973	3,316,946
2017	6.00%	621,935	2,075,000	621,935	3,318,870
2018	6.00%	559,685	2,195,000	559,685	3,314,370
2019	6.00%	493,835	2,330,000	493,835	3,317,670
2020	6.00%	423,935	2,470,000	423,935	3,317,870
2021	6.10%	349,835	2,620,000	349,835	3,319,670
2022	6.10%	269,925	2,775,000	269,925	3,314,850
2023	6.10%	185,288	2,950,000	185,288	3,320,576
2024	6.10%	95,313	3,125,000	95,313	3,315,626
TOTALS		\$ <u>4,402,984</u>	\$ <u>24,370,000</u>	\$ <u>4,402,984</u>	\$ <u>33,175,968</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
\$119,719,962 2003 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

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

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

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

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	6.40%	\$ 418,258	\$ 720,000	\$ 395,218	\$ 1,533,476
2016	6.40%	395,218	770,000	370,578	1,535,796
2017	6.30%	370,577	820,000	344,747	1,535,324
2018	6.55%	344,748	870,000	316,255	1,531,003
2019	6.55%	316,255	930,000	285,798	1,532,053
2020	6.70%	285,797	985,000	252,800	1,523,597
2021	6.70%	252,800	1,055,000	217,458	1,525,258
2022	6.70%	217,458	1,125,000	179,770	1,522,228
2023	6.70%	179,770	1,200,000	139,570	1,519,340
2024	6.80%	139,570	1,280,000	96,050	1,515,620
2025	6.80%	96,050	1,365,000	49,640	1,510,690
2026	6.80%	49,640	1,460,000		1,509,640
TOTALS		\$ <u>3,066,141</u>	\$ <u>12,580,000</u>	\$ <u>2,647,884</u>	\$ <u>18,294,025</u>

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

SCHEDULE OF LONG-TERM DEBT
\$31,083,172 2008 SUBORDINATE LIEN TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

FISCAL YEAR ENDING JUNE 30,	INTEREST RATES ON BONDS MATURING	INTEREST DECEMBER 1,	PRINCIPAL DECEMBER 1,	INTEREST JUNE 1,	TOTAL DEBT SERVICE
2015	5.75%	\$ 795,656	805,000	\$ 772,513	\$ 2,373,169
2016	5.75%	772,513	850,000	748,075	2,370,588
2017	5.75%	748,075	900,000	722,200	2,370,275
2018	5.75%	722,200	955,000	694,744	2,371,944
2019	5.75%	694,744	1,010,000	665,706	2,370,450
2020	5.75%	665,706	1,065,000	635,088	2,365,794
2021	5.75%	635,088	1,125,000	602,744	2,362,832
2022	5.75%	602,744	1,190,000	568,531	2,361,275
2023	5.75%	568,531	1,260,000	532,306	2,360,837
2024	5.75%	532,306	1,335,000	493,925	2,361,231
2025	5.75%	493,925	5,410,000	338,388	6,242,313
2026	5.75%	338,388	5,720,000	173,938	6,232,326
2027	5.75%	173,938	6,050,000		6,223,938
TOTALS		\$ <u>7,743,814</u>	\$ <u>27,675,000</u>	\$ <u>6,948,158</u>	\$ <u>42,366,972</u>

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

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

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

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

SCHEDULE OF LONG-TERM DEBT
\$17,455,000 2002 TAX ALLOCATION REFUNDING BONDS - MATURITY SCHEDULE
JUNE 30, 2014

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

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

SCHEDULE OF LONG-TERM DEBT
\$44,585,000 2003 TAX ALLOCATION BONDS (TAXABLE) - MATURITY SCHEDULE
JUNE 30, 2014

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

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

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

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

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

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

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