

**Successor Agency to  
Industry Urban-Development Agency  
(A Component Unit of City of Industry)**

City of Industry, California

**Financial Statements and  
Independent Auditors' Report**

*For the Year Ended June 30, 2016*





**Successor Agency to Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**For the Year Ended June 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

We have audited the accompanying Statement of Fiduciary Net Position of the Successor Agency to Industry Urban-Development Agency (the "SA to IUDA"), a component unit of the City of Industry, California (the "City") as of June 30, 2016 and 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 SA to IUDA's basic financial statements.

### ***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 opinions 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 from 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 financial position of the SA to IUDA as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the 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 SA to IUDA's basic financial statements. The Schedules of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Long-Term Debt are fairly stated, in all material respects, in relation to the basic 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 February 15, 2017, on our consideration of the SA to IUDA's internal control over financial reporting and on 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 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 SA to IUDA's internal control over financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
February 15, 2017

## **FINANCIAL STATEMENTS**

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**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Statement of Fiduciary Net Position**  
**June 30, 2016**

	<b>Private-purpose Trust Fund</b>
<b>ASSETS</b>	
Cash	\$ 855,931
Investments	28,898,382
Other receivables	1,797,174
Deposits held by bond trustee for debt services	55,906,358
Notes receivable	15,461,992
Property held for sale or disposition	462,479,173
Restricted assets:	
Cash	125,395
Investments	7,652,309
<b>Total assets</b>	<b>573,176,714</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	42,906,955
<b>Total deferred outflows of resources</b>	<b>42,906,955</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,428,582
Interest payable	21,968,386
Due to City of Industry	56,219
Bonds payable, due within one year	47,926,571
<b>Total current liabilities</b>	<b>71,379,758</b>
Noncurrent liabilities:	
Bonds payable, due in more than one year	527,512,070
<b>Total non current liabilities</b>	<b>527,512,070</b>
<b>Total liabilities</b>	<b>598,891,828</b>
<b>NET POSITION</b>	
Held in trust for the SA to IUDA	<b>\$ 17,191,841</b>

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2016**

		<u>Private-purpose Trust Fund</u>
<b>ADDITIONS:</b>		
Redevelopment agency property tax trust fund	\$ 63,022,467	
Less: Administrative expenses	(1,021,244)	
Pass through payments	<u>(6,094,866)</u>	
Redevelopment agency property tax trust fund, net		55,906,357
Revenues from use of money and property		
Interest income		800,609
Rental and other income		9,653,688
Gain on sale and write down of property		16,083,654
Transfers in from City of Industry		<u>9,463,321</u>
<b>Total additions</b>		<u>91,907,629</u>
<b>DEDUCTIONS</b>		
General administration		3,042,859
Bond interest expenses		36,829,981
Other expenses		<u>306,983</u>
<b>Total deductions</b>		<u>40,179,823</u>
<b>CHANGES IN NET POSITION</b>		51,727,806
<b>NET POSITION:</b>		
Beginning of the year		<u>(34,535,965)</u>
End of the year		<u>\$ 17,191,841</u>

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

**A. 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.

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.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting***

The financial statements of SA to IUDA have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) 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.

The financial statements include a statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These statements are presented for using full – accrual basis of accounting.

***C. Cash and Investments***

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

***D. Fair Value Measurement***

In accordance with GASB Statement No. 72, Fair Value Measurement and Applications, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate

***E. 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.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***E. Redevelopment Property Tax Revenues (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.

***F. 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 5 for further discussion.

During the year ended June 30, 2016, the SA to IUDA refunded all of its bonds as further discussed in Note 5. The refunding required the City to deposit with the bond trustee the funds received for the Agency Override Fund on a monthly basis.

***G. 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.

***H. 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 in 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.

***I. Use of Estimates***

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**J. New Accounting Standard**

*GASB Statement No. 72, Fair Value Measurement and Application* - This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the SA to IUDA's investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in Note 2 of the SA to IUDA's financial statements for the year ended June 30, 2016.

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No.68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans and pensions that are within their respective scopes. This Statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the SA to IUDA's financial statements for the year ended June 30, 2016.

*GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This Statement establishes standards relating to the hierarchy of generally accepted accounting principles. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement became effective for periods beginning after June 15, 2015, is applied retroactively, and did not have a significant impact on the SA to IUDA's financial statements for the year ended June 30, 2016.

*GASB Statement No. 79, Certain External Investment Pools and Pool Participants* - This Statement establishes standards relating to accounting and financial reporting for certain external investment pools and pool participants. This Statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the SA to IUDA's financial statements for the year ended June 30, 2016.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 2 – Cash and Investments**

Cash and investments as of June 30, 2016, consisted of the following:

Cash
Cash - Restricted
Investments
Investments - Restricted
Total cash and investments

Cash:
Petty cash
Demand deposits
Investments
Total cash and investments

The amounts held as “Cash-Restricted” of \$125,395 and “Investments-Restricted” of \$7,652,309 represents amounts specifically restricted to pay for project costs or loan payments to the City of Industry.

**A. Demand Deposits**

The carrying amount of the SA to IUDA’s cash deposits were \$980,826 at June 30, 2016. Bank balances before reconciling items were \$1,108,686 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the SA to IUDA’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the SA to IUDA’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the SA to IUDA’s name.

The market value of pledged securities must equal at least 110% of the SA to IUDA’s cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the SA to IUDA’s total cash deposits. The SA to IUDA may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). The SA to IUDA, however, has not waived the collateralization requirements.

As of June 30, 2016, SA to IUDA’s deposits exceeded federally insured limits by \$483,291.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 2 – Cash and Investments (Continued)**

***B. 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.

***C. 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.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 2 – Cash and Investments (Continued)**

***D. Fair Value Measurement***

At June 30, 2016, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Investment Type	Measurement Input				Total
	Level 1	Level 2	Level 3	N/A	
Investments - unrestricted:					
Commercial paper	\$ -	\$ 3,617,755	\$ -	\$ -	\$ 3,617,755
LAIF	-	25,280,627	-	-	25,280,627
Investment - restricted:					
Money market funds	-	-	-	7,652,309	7,652,309
<b>Total</b>	<b>\$ -</b>	<b>\$ 28,898,382</b>	<b>\$ -</b>	<b>\$ 7,652,309</b>	<b>\$ 36,550,691</b>

***E. Risk Disclosure***

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 to 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, 2016, 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.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 2 – Cash and Investments (Continued)**

***E. Risk Disclosure (Continued)***

Interest Rate Risk (Continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in months)</u>
Investments:		
Commercial paper	\$ 3,617,755	2.50
LAIF	25,280,627	7.06
Investments - Restricted:		
Money market funds	7,652,309	N/A
Total investments	<u>\$ 36,550,691</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, 2016</u>		
			<u>Actual Rating</u>	<u>Rated</u>	<u>Not Rated</u>
Commercial paper	\$ 3,617,755	Aaa/P-1	P-1	\$ 3,617,755	\$ -
LAIF	25,280,627	N/A			25,280,627
Investments - Restricted	7,652,309	Aaa/P-1	Aaa	7,652,309	
Total investments	<u>\$ 36,550,691</u>			<u>\$ 11,270,064</u>	<u>\$ 25,280,627</u>

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 2 – Cash and Investments (Continued)**

***F. State of California Local Agency Investment Fund***

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2016 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

At June 30, 2016, the carrying amount of the investments in LAIF amounted to \$25,280,627.

**Note 3 – Receivables**

As of June 30, 2016, receivables on the statement of net position consisted of the following:

Notes receivable:	
Developer notes receivable - construction loans	\$ 11,203,387
Developer note receivable - Nissan	4,258,605
	15,461,992
Total notes receivable	\$ 15,461,992
Accrued interest and other receivable:	
Accrued interest receivable	\$ 64,699
Accounts receivable	1,732,475
	1,797,174
Total other receivable	\$ 1,797,174

***A. 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:

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 3 – Receivables (Continued)**

**A. Developer Notes Receivable - Construction Loan (Continued)**

	Amount June 30, 2016	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	\$ 5,235,745	\$ 751,882	\$ 4,483,863
Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	4,464,587	641,140	3,823,447
Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	1,503,055	215,847	1,287,208
Totals	<u>\$ 11,203,387</u>	<u>\$ 1,608,869</u>	<u>\$ 9,594,518</u>

Total interest received on these notes during the year ended in June 30, 2016 amounted to \$471,438.

**B. 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.

	Amount June 30, 2016	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 July 2002	\$ 4,258,605	\$ 132,906	\$ 4,125,699

Total interest income received on this note during the year ended June 30, 2016, amounted to \$173,128.

**Successor Agency to the Industry Urban-Development Agency  
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**Note 4 – 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, 2016, the carrying amount of SA to IUDA’s property held for sale or disposition amounted to \$462,479,173 and consists of the following:

Property Held for Sale or Disposition	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$ 174,143,801	\$ -	\$ (17,060,000)	\$ 157,083,801
Construction in progress	100,419,700	27,222,048	-	127,641,748
Total capital assets not being depreciated	<u>274,563,501</u>	<u>27,222,048</u>	<u>(17,060,000)</u>	<u>284,725,549</u>
Capital Assets Being Depreciated				
Infrastructure	187,616,550	-	-	187,616,550
Buildings and improvements	15,221,946	-	-	15,221,946
Furniture and fixtures	676,222	-	-	676,222
Vehicles	33,312	-	-	33,312
Total capital assets being depreciated	<u>203,548,030</u>	<u>-</u>	<u>-</u>	<u>203,548,030</u>
Less: Accumulated depreciation	<u>(25,794,406)</u>	<u>-</u>	<u>-</u>	<u>(25,794,406)</u>
Total capital assets being depreciated, net	<u>177,753,624</u>	<u>-</u>	<u>-</u>	<u>177,753,624</u>
Capital assets, net	<u>\$ 452,317,125</u>	<u>\$ 27,222,048</u>	<u>\$ (17,060,000)</u>	<u>\$ 462,479,173</u>

During the year ended June 30, 2016, the SA to IUDA sold thirteen properties for \$33,143,654 and recognized a gain of \$16,083,654.

**Note 5 – Deposits Held by City of Industry Public Facilities Authority Bond Trustee for Debt Services**

In compliance with the PFA and SA to IUDA’s 2015 bond indenture, the City deposited the tax override revenue received with the PFA’s bond Trustee for debt service payments due in the year ending June 30, 2017. In addition, the SA to IUDA provided the remaining funds needed to be deposited with the PFA’s bond trustee in the amount of \$55,906,358.

**Successor Agency to the Industry Urban-Development Agency  
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Notes to the Basic Financial Statements (Continued)  
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**Note 6 – Bonds Payable**

Summary of changes in the Successor Agency to IUDA’s bonds payables for the year ended June 30, 2016 is as following:

	Balance July 1, 2015	Additions	Defeased	Balance June 30, 2016	Due Within One Year	Due in more than one year
<b>Project Area 1:</b>						
2002 Tax Allocation Refunding Bonds, Series B	\$ 79,660,000	\$ -	\$ (79,660,000)	\$ -	\$ -	\$ -
2003 Tax Allocation Bonds, Series A	34,725,000	-	(34,725,000)	-	-	-
2003 Tax Allocation Bonds, Series B	16,275,000	-	(16,275,000)	-	-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	45,630,000	-	(45,630,000)	-	-	-
2005 Subordinate Lien Tax Allocation Refunding Bonds	47,900,000	-	(47,900,000)	-	-	-
2007 Subordinate Lien Tax Allocation Refunding Bonds	11,900,000	-	(11,900,000)	-	-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	24,727,000	-	(24,727,000)	-	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	239,525,000	-	239,525,000	32,000,000	207,525,000
Total Project Area 1	<u>260,817,000</u>	<u>239,525,000</u>	<u>(260,817,000)</u>	<u>239,525,000</u>	<u>32,000,000</u>	<u>207,525,000</u>
<b>Project Area 2:</b>						
2002 Tax Allocation Refunding Bonds, Series B	8,980,000	-	(8,980,000)	-	-	-
2003 Tax Allocation Bonds	22,505,000	-	(22,505,000)	-	-	-
2003 Subordinate Lien Tax Allocation Refunding Bonds	58,725,634	-	(58,725,634)	-	-	-
2005 Subordinate Lien Tax Allocation Refunding Bonds	11,860,000	-	(11,860,000)	-	-	-
2008 Subordinate Lien Tax Allocation Refunding Bonds	26,870,000	-	(26,870,000)	-	-	-
2010 Subordinate Lien Tax Allocation Refunding Bonds	33,680,000	-	(33,680,000)	-	-	-
2015 Tax Allocation Revenue Refunding Bonds, Series A	-	7,140,000	-	7,140,000	495,000	6,645,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	-	249,770,000	-	249,770,000	10,245,000	239,525,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A	-	33,815,000	-	33,815,000	1,975,000	31,840,000
Total Project Area 2	<u>162,620,634</u>	<u>290,725,000</u>	<u>(162,620,634)</u>	<u>290,725,000</u>	<u>12,715,000</u>	<u>278,010,000</u>

(Continued)

**Successor Agency to the Industry Urban-Development Agency  
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Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**

Summary of changes in the Successor Agency to IUDA’s bonds payables for the year ended June 30, 2016 is as following:

	Balance July 1, 2015	Additions	Defeased	Balance June 30, 2016	Due Within One Year	Due in more than one year
<b>Project Area 3:</b>						
2002 Tax Allocation Refunding						
Bonds, Series B	9,055,000	-	(9,055,000)	-	-	-
2003 Tax Allocation Bonds	25,245,000	-	(25,245,000)	-	-	-
2003 Subordinate Lien Tax						
Allocation Refunding Bonds	4,065,000	-	(4,065,000)	-	-	-
2008 Subordinate Lien Tax						
Allocation Refunding Bonds	5,120,289	-	(5,120,289)	-	-	-
2015 Tax Allocation Revenue						
Refunding Bonds, Series A	-	7,230,000	-	7,230,000	505,000	6,725,000
2015 Tax Allocation Revenue						
Refunding Bonds, Series B	-	37,425,000	-	37,425,000	2,595,000	34,830,000
Total Project Area 3	43,485,289	44,655,000	(43,485,289)	44,655,000	3,100,000	41,555,000
Total tax allocation bonds	466,922,923	574,905,000	(466,922,923)	574,905,000	47,815,000	527,090,000
<b>Deferred amounts:</b>						
Unamortized premium/discounts	392,685	718,359	(577,403)	533,641	111,571	422,070
<b>Total bonds payable</b>	<b>\$ 467,315,608</b>	<b>\$ 575,623,359</b>	<b>\$ (467,500,326)</b>	<b>\$ 575,438,641</b>	<b>\$ 47,926,571</b>	<b>\$ 527,512,070</b>

**2002 Tax Allocation Refunding Bonds**

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 refund 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.

On August 15, 2002, IUDA issued \$17,270,000 and \$17,455,000 of Industry-Urban-Development Agency Transportation-Distribution-Industrial Redevelopment Project No. 2 and 3 2002 Tax Allocation Refunding Bonds to advance refund \$18,010,000 and \$19,780,000 of outstanding 1992 Tax Allocation Refunding Bonds, respectively.

In February 2007, IUDA redeemed the 2002 IUDA Tax Allocation Bonds (Project No. 1) 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”).

Principal and interest payments are made by SA to IUDA to PFA for the payment of the 2002 IUDA TA Bonds (Project No. 1). 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.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A for all 3 project areas 2 to advance refund all outstanding 2002 Tax Allocation Refunding Bonds.

**Successor Agency to the Industry Urban-Development Agency**  
**(A Component Unit of City of Industry)**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 6 – Bond Payable (Continued)**

2003 Tax Allocation Bonds, Series A (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. IUDA has assigned all of its rights to these proceeds to the Trustee as security for the bonds and their owners. As of July 1, 2015, 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 in the fiduciary fund. Upon the payment or discharge of all the outstanding bonds all amounts then held in the Loan fund will be transferred to the City.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2003 Tax Allocation Bonds in the three project areas. The refunding also provided funds needed to repay the City loan to IUDA outstanding at July 1, 2015 in the amount of \$14,421,307.

2003 Tax Allocation Bonds, Series B

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.

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 July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A to advance refund the 2003 Tax Allocation Revenue Refunding Bonds, Series B.

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. In December 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

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 6 – Bond Payable (Continued)**

2003 Subordinate Lien Tax Allocation Refunding Bonds (Continued)

Tax Allocation Refunding Bonds, and Project No. 3 \$9,726,529 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.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B and 2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2003 Subordinate Lien Tax Allocation Refunding Bonds in the three project areas.

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.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1 and 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 to advance refund the 2005 Subordinate Lien Tax Allocation Refunding Bonds in the two project areas.

2007 Subordinate Lien Tax Allocation Refunding Bonds

On February 1, 2007, IUDA issued \$16,038,958 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.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series A to advance refund all outstanding 2002 Tax Allocation Bonds, Series B, 2003 Tax Allocation Bonds Series A and B and 2007 Subordinate Lien Tax Allocation Refunding Bonds.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 6 – Bond Payable (Continued)**

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%; \$31,083,173 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%.

On July 1, 2015, SA to IUDA issued 1) 2015 Tax Allocation Revenue Refunding Bonds, Series A for Project Area No. 1, 2) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 and 3) 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 3 to advance refund the 2008 Subordinate Lien Tax Allocation Refunding Bonds in the three project areas.

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.

On July 1, 2015, SA to IUDA issued 2015 Tax Allocation Revenue Refunding Bonds, Series B for Project Areas No. 2 to advance refund the 2010 Subordinate Lien Tax Allocation Refunding Bonds.

2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1)

On July 1, 2015, the SA to IUDA issued the \$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Civic-Recreational-Industrial Redevelopment Project No. 1) (Taxable) for the purpose to defease all IUDA Project No. 1 outstanding 2002 Tax Allocation Refunding Bonds Series B, 2003 Tax Allocation Bonds, Series A, 2003 Tax Allocation Bonds, Series B, 2003 Subordinate Lien Tax Allocation Refunding Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2007 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds.

Principal ranges from \$6,835,000 to \$39,090,000 maturing annually through January 1, 2025. The bonds bear interests at rates range from 1.764% to 4.344%, due semiannually on January 1 and July 1.

**Successor Agency to the Industry Urban-Development Agency  
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Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**

2015 Tax Allocation Revenue Refunding Bonds, Series A (Project No. 1) (Continued)

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 32,000,000	\$ 10,848,023	\$ 42,848,023
2018	36,180,000	6,667,535	42,847,535
2019	36,945,000	5,870,490	42,815,490
2020	37,925,000	4,840,094	42,765,094
2021	39,090,000	3,649,628	42,739,628
2022-2025	57,385,000	4,285,278	61,670,278
	<u>\$ 239,525,000</u>	<u>\$ 36,161,048</u>	<u>\$ 275,686,048</u>

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2)

On July 1, 2015, the SA to IUDA issued the \$7,140,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Tax-Exempt) for the purpose to defease all IUDA Project No. 2 outstanding 2002 Tax Allocation Refunding Bonds. The SA to IUDA also issued the \$249,770,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 2) (Taxable) for the purpose to defease a portion of 2003 Subordinate Lien Tax Allocation Refunding Bonds (with outstanding accreted value of \$178,967,753) and all IUDA Project No. 2 outstanding 2003 Tax Allocation Bonds, 2005 Subordinate Lien Tax Allocation Refunding Bonds, 2008 Subordinate Lien Tax Allocation Refunding Bonds, 2010 Subordinate Tax Allocation Refunding Bonds.

For Series A, principal ranges from \$495,000 to \$975,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 495,000	\$ 535,500	\$ 1,030,500
2018	700,000	332,250	1,032,250
2019	735,000	297,250	1,032,250
2020	770,000	260,500	1,030,500
2021	805,000	222,000	1,027,000
2022-2025	3,635,000	465,250	4,100,250
	<u>\$ 7,140,000</u>	<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>

For Series B, principal ranges from \$6,965,000 to \$48,825,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 1.914% to 5.044%, due semiannually on January 1 and July 1.

**Successor Agency to the Industry Urban-Development Agency  
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Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 2) (Continued)

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 10,245,000	\$ 15,798,230	\$ 26,043,230
2018	16,040,000	10,336,064	26,376,064
2019	16,420,000	9,942,603	26,362,603
2020	16,905,000	9,443,599	26,348,599
2021	17,490,000	8,870,689	26,360,689
2022-2026	165,600,000	24,033,132	189,633,132
2027	7,070,000	356,611	7,426,611
	<u>\$ 249,770,000</u>	<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>

2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A

On July 1, 2015, the SA to IUDA issued the \$33,815,000 Subordinate Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial-Redevelopment Project No. 2) (Taxable) for the purpose to defease remaining balances of the IUDA's Project No. 2's 2003 Subordinate Lien Tax Allocation Refunding Bonds with outstanding accreted value of \$178,967,753.

Principal ranges from \$1,975,000 to \$6,375,000 maturing annually through January 1, 2024. The bonds bear interests at rates ranges from 2.500% to 5.750%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,975,000	\$ 2,867,794	\$ 4,842,794
2018	3,255,000	1,830,800	5,085,800
2019	3,350,000	1,643,637	4,993,637
2020	3,590,000	1,451,013	5,041,013
2021	3,805,000	1,244,587	5,049,587
2022-2024	17,840,000	2,090,700	19,930,700
	<u>\$ 33,815,000</u>	<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3)

On July 1, 2015, the SA to IUDA issued the \$7,230,000 Tax Allocation Revenue Refunding Bonds, Series 2015A (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Tax-Exempt) for the purpose to defease IUDA's Project No. 3 outstanding 2002 Tax Allocation Refunding Bonds. The SA to IUDA also issued the \$37,425,000 Tax Allocation Revenue Refunding Bonds, Series 2015B (Transportation-Distribution-Industrial Redevelopment Project No. 3) (Taxable) for the purpose to defease all IUDA's Project No. 3 outstanding 2003 Tax Allocation Bonds, 2003 Subordinate Lien Tax Allocation Refunding Bonds, and 2008 Subordinate Lien Tax Allocation Refunding Bonds.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

**Note 6 – Bond Payable (Continued)**

2015 Tax Allocation Revenue Refunding Bonds, Series A and B (Project No. 3) (Continued)

For Series A, principal ranges from \$505,000 to \$985,000 maturing annually through January 1, 2025. The bonds bear interests at rate of 5.000%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 505,000	\$ 542,250	\$ 1,047,250
2018	710,000	336,250	1,046,250
2019	740,000	300,750	1,040,750
2020	780,000	263,750	1,043,750
2021	815,000	224,750	1,039,750
2022-2025	3,680,000	470,750	4,150,750
	<u>\$ 7,230,000</u>	<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>

For Series B, principal ranges from \$2,595,000 to \$3,990,000 maturing annually through January 1, 2027. The bonds bear interests at rates ranges from 1.914% to 5.044%, due semiannually on January 1 and July 1. Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,595,000	\$ 2,360,783	\$ 4,955,783
2018	3,110,000	1,524,187	4,634,187
2019	3,325,000	1,461,987	4,786,987
2020	3,425,000	1,362,237	4,787,237
2021	3,530,000	1,259,487	4,789,487
2022-2026	18,110,000	3,584,519	21,694,519
2027	3,330,000	167,965	3,497,965
	<u>\$ 37,425,000</u>	<u>\$ 11,721,165</u>	<u>\$ 49,146,165</u>

The 2015 Tax Allocation Revenue Refunding Bonds collectively resulted in an economic gain in the amount of \$42,816,814 in principal and total savings in debt service payments in the amount of \$149,432,987

Revenue Pledged

All of the bonds described in this note are secured by a pledge of all future payments from the RPTTF fund 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, 2016 amounted to \$714,947,920. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2016, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$63,022,467, which the SA received \$55,906,357 after deductions.

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 6 – Bond Payable (Continued)**

Revenue Pledged (Continued)

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.

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. Until such time as the SA to IUDA makes any additional or different request, 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 City subsequently assigns, and covenants and agrees to transfer to the PFA and only to the PFA as and when received by the City, all such override revenues for deposit in the revenue fund, to the extent permitted by law, as consideration to PFA for refunding all SA to IUDA debts by the PFA.

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

RPTTF Funds	\$	63,022,467
Less:		
Administrative expenses		(1,021,244)
Pass through payments		(6,094,866)
Net RPTTF Funds	\$	55,906,357

**Successor Agency to the Industry Urban-Development Agency  
(A Component Unit of City of Industry)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2016**

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**Note 7 – 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, 2016 are as follows:

Year Ending June 30	Amount
2017	\$ 6,831,640
2018	6,591,055
2019	6,596,690
2020	6,602,555
2021	6,608,659
2022-2026	35,812,683
2027-2031	32,263,670
2032-2036	32,263,670
Thereafter	197,792,633

On April 28, 2005, IUDA entered into an agreement with a private company (the “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, 2016, SA to IUDA earned and received \$7,488,294 in rental income from the Company.

SA to IUDA also 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.

**Note 8 – 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, 2016, 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 (Continued)  
For the Year Ended June 30, 2016**

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**Note 9 – Commitment and Contingencies**

**A. 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 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.

**B. 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.

**C. Project Commitments**

As of June 30, 2016, the total net position held in trust was \$17,191,841. All of the net assets are fully committed to funding project obligations and the debt service on the bonds payable.

**Note 10 – Transactions with Related Parties**

As of June 30, 2016, SA to IUDA had net amount due to the City in the amount of \$56,219. This is comprised of funds due from the City of \$39,487, which consists of funds to be reimbursed by Cal-Trans through the City for project costs and \$95,706 due to the City, which arose from administrative expenses incurred by the SA to IUDA and paid by the City.

A total of \$574,905,000 SA to IUDA bonds are owned by the Industry Public Facilities Authority, a component unit of the City of Industry.

## **SUPPLEMENTARY INFORMATION**

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**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt  
\$239,525,000 Tax Allocation Revenue Refunding Bonds, Series 2015A  
Civic-Recreational-Industrial Redevelopment Project No. 1  
For the Year Ended June 30, 2016**

<b>Period Ending</b>	<b>Principle</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
7/1/2016	\$ -	1.764%	\$ 7,232,015	\$ 7,232,015	\$ -
1/1/2017	32,000,000	1.764%	3,616,008	35,616,008	42,848,023
7/1/2017	-	2.203%	3,333,768	3,333,768	-
1/1/2018	36,180,000	2.203%	3,333,768	39,513,768	42,847,535
7/1/2018	-	2.789%	2,935,245	2,935,245	-
1/1/2019	36,945,000	2.789%	2,935,245	39,880,245	42,815,490
7/1/2019	-	3.139%	2,420,047	2,420,047	-
1/1/2020	37,925,000	3.139%	2,420,047	40,345,047	42,765,094
7/1/2020	-	3.471%	1,824,814	1,824,814	-
1/1/2021	39,090,000	3.471%	1,824,814	40,914,814	42,739,628
7/1/2021	-	3.821%	1,146,407	1,146,407	-
1/1/2022	30,740,000	3.821%	1,146,407	31,886,407	33,032,814
7/1/2022	-	4.044%	559,119	559,119	-
1/1/2023	9,705,000	4.044%	559,119	10,264,119	10,823,239
7/1/2023	-	4.244%	362,884	362,884	-
1/1/2024	10,105,000	4.244%	362,884	10,467,884	10,830,769
7/1/2024	6,835,000	4.344%	148,456	6,983,456	6,983,456
<b>Totals</b>	<b>\$ 239,525,000</b>		<b>\$ 36,161,048</b>	<b>\$ 275,686,048</b>	<b>\$ 275,686,048</b>

**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$7,140,000 Tax Allocation Revenue Refunding Bonds Series 2015A  
Transportation-Distribution-Industrial Redevelopment Project No. 2  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	5.000%	\$ 357,000	\$ 357,000	\$ -
1/1/2017	495,000	5.000%	178,500	673,500	1,030,500
7/1/2017	-	5.000%	166,125	166,125	-
1/1/2018	700,000	5.000%	166,125	866,125	1,032,250
7/1/2018	-	5.000%	148,625	148,625	-
1/1/2019	735,000	5.000%	148,625	883,625	1,032,250
7/1/2019	-	5.000%	130,250	130,250	-
1/1/2020	770,000	5.000%	130,250	900,250	1,030,500
7/1/2020	-	5.000%	111,000	111,000	-
1/1/2021	805,000	5.000%	111,000	916,000	1,027,000
7/1/2021	-	5.000%	90,875	90,875	-
1/1/2022	845,000	5.000%	90,875	935,875	1,026,750
7/1/2022	-	5.000%	69,750	69,750	-
1/1/2023	885,000	5.000%	69,750	954,750	1,024,500
7/1/2023	-	5.000%	47,625	47,625	-
1/1/2024	930,000	5.000%	47,625	977,625	1,025,250
7/1/2024	-	5.000%	24,375	24,375	-
1/1/2025	975,000	5.000%	24,375	999,375	1,023,750
Totals	<u>\$ 7,140,000</u>		<u>\$ 2,112,750</u>	<u>\$ 9,252,750</u>	<u>\$ 9,252,750</u>

**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$249,770,000 Tax Allocation Revenue Refunding Bonds Series 2015B  
Transportation-Distribution-Industrial Redevelopment Project No. 2 (Continued)  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	1.914%	\$ 10,532,153	\$ 10,532,153	\$ -
1/1/2017	10,245,000	1.914%	5,266,077	15,511,077	26,043,230
7/1/2017	-	2.453%	5,168,032	5,168,032	-
1/1/2018	16,040,000	2.453%	5,168,032	21,208,032	26,376,064
7/1/2018	-	3.039%	4,971,301	4,971,301	-
1/1/2019	16,420,000	3.039%	4,971,301	21,391,301	26,362,603
7/1/2019	-	3.389%	4,721,800	4,721,800	-
1/1/2020	16,905,000	3.389%	4,721,800	21,626,800	26,348,599
7/1/2020	-	4.121%	4,435,344	4,435,344	-
1/1/2021	17,490,000	4.121%	4,435,344	21,925,344	26,360,689
7/1/2021	-	4.121%	4,074,963	4,074,963	-
1/1/2022	22,550,000	4.121%	4,074,963	26,624,963	30,699,926
7/1/2022	-	4.294%	3,610,320	3,610,320	-
1/1/2023	46,855,000	4.294%	3,610,320	50,465,320	54,075,640
7/1/2023	-	5.044%	2,604,343	2,604,343	-
1/1/2024	48,825,000	5.044%	2,604,343	51,429,343	54,033,687
7/1/2024	-	5.044%	1,372,977	1,372,977	-
1/1/2025	40,405,000	5.044%	1,372,977	41,777,977	43,150,954
7/1/2025	-	5.044%	353,963	353,963	-
1/1/2026	6,965,000	5.044%	353,963	7,318,963	7,672,925
7/1/2026	-	5.044%	178,305	178,305	-
1/1/2027	7,070,000	5.044%	178,305	7,248,305	7,426,611
Totals	<u>\$ 249,770,000</u>		<u>\$ 78,780,928</u>	<u>\$ 328,550,928</u>	<u>\$ 328,550,928</u>

**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$33,815,000 Subordinate Tax Allocation Revenue Refunding Bonds Series 2015A  
Transportation-Distribution-Industrial Redevelopment Project No. 2 (Continued)  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	2.500%	\$ 1,911,863	\$ 1,911,863	\$ -
1/1/2017	1,975,000	2.500%	955,931	2,930,931	4,842,794
7/1/2017	-	5.750%	915,400	915,400	-
1/1/2018	3,255,000	5.750%	915,400	4,170,400	5,085,800
7/1/2018	-	5.750%	821,819	821,819	-
1/1/2019	3,350,000	5.750%	821,819	4,171,819	4,993,638
7/1/2019	-	5.750%	725,506	725,506	-
1/1/2020	3,590,000	5.750%	725,506	4,315,506	5,041,013
7/1/2020	-	5.750%	622,294	622,294	-
1/1/2021	3,805,000	5.750%	622,294	4,427,294	5,049,588
7/1/2021	-	5.750%	512,900	512,900	-
1/1/2022	5,695,000	5.750%	512,900	6,207,900	6,720,800
7/1/2022	-	5.750%	349,169	349,169	-
1/1/2023	5,770,000	5.750%	349,169	6,119,169	6,468,338
7/1/2023	-	5.750%	183,281	183,281	-
1/1/2024	6,375,000	5.750%	183,281	6,558,281	6,741,563
Totals	<u>\$ 33,815,000</u>		<u>\$ 11,128,531</u>	<u>\$ 44,943,531</u>	<u>\$ 44,943,531</u>

**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$7,230,000 Tax Allocation Revenue Refunding Bonds Series 2015A  
Transportation-Distribution-Industrial Redevelopment Project No. 3  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	5.000%	\$ 361,500	\$ 361,500	\$ -
1/1/2017	505,000	5.000%	180,750	685,750	1,047,250
7/1/2017	-	5.000%	168,125	168,125	-
1/1/2018	710,000	5.000%	168,125	878,125	1,046,250
7/1/2018	-	5.000%	150,375	150,375	-
1/1/2019	740,000	5.000%	150,375	890,375	1,040,750
7/1/2019	-	5.000%	131,875	131,875	-
1/1/2020	780,000	5.000%	131,875	911,875	1,043,750
7/1/2020	-	5.000%	112,375	112,375	-
1/1/2021	815,000	5.000%	112,375	927,375	1,039,750
7/1/2021	-	5.000%	92,000	92,000	-
1/1/2022	855,000	5.000%	92,000	947,000	1,039,000
7/1/2022	-	5.000%	70,625	70,625	-
1/1/2023	900,000	5.000%	70,625	970,625	1,041,250
7/1/2023	-	5.000%	48,125	48,125	-
1/1/2024	940,000	5.000%	48,125	988,125	1,036,250
7/1/2024	-	5.000%	24,625	24,625	-
1/1/2025	985,000	5.000%	24,625	1,009,625	1,034,250
Totals	<u>\$ 7,230,000</u>		<u>\$ 2,138,500</u>	<u>\$ 9,368,500</u>	<u>\$ 9,368,500</u>

**Successor Agency to the  
Industry Urban - Development Agency  
(A Component Unit of City of Industry)  
Schedules of Long Term Debt (Continued)  
\$37,425,000 Tax Allocation Revenue Refunding Bonds Series 2015B  
Transportation-Distribution-Industrial Redevelopment Project No. 3 (Continued)  
For the Year Ended June 30, 2016**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2016	\$ -	1.914%	\$ 1,573,855	\$ 1,573,855	\$ -
1/1/2017	2,595,000	1.914%	786,928	3,381,928	4,955,783
7/1/2017	-	2.000%	762,093	762,093	-
1/1/2018	3,110,000	2.000%	762,093	3,872,093	4,634,187
7/1/2018	-	3.000%	730,993	730,993	-
1/1/2019	3,325,000	3.000%	730,993	4,055,993	4,786,987
7/1/2019	-	3.000%	681,118	681,118	-
1/1/2020	3,425,000	3.000%	681,118	4,106,118	4,787,237
7/1/2020	-	5.044%	629,743	629,743	-
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,487
7/1/2021	-	5.044%	540,717	540,717	-
1/1/2022	3,435,000	5.044%	540,717	3,975,717	4,516,434
7/1/2022	-	5.044%	454,086	454,086	-
1/1/2023	3,605,000	5.044%	454,086	4,059,086	4,513,172
7/1/2023	-	5.044%	363,168	363,168	-
1/1/2024	3,795,000	5.044%	363,168	4,158,168	4,521,336
7/1/2024	-	5.044%	267,458	267,458	-
1/1/2025	3,990,000	5.044%	267,458	4,257,458	4,524,916
7/1/2025	-	5.044%	166,830	166,830	-
1/1/2026	3,285,000	5.044%	166,830	3,451,830	3,618,661
7/1/2026	-	5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,965
Totals	<u>\$ 37,425,000</u>		<u>\$ 11,721,164</u>	<u>\$ 49,146,164</u>	<u>\$ 49,146,164</u>