

**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, 2017



**Successor Agency to Industry Urban-Development Agency
(A Component Unit of City of Industry)
For the Year Ended June 30, 2017**

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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 the 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, 2017 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 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 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, 2017, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 March 30, 2018, 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 effectiveness of the SA to IUDA's 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
March 30, 2018



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the 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, the financial statements 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 and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the SA to IUDA's basic financial statements, and have issued our report thereon dated March 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SA to IUDA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SA to IUDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SA to IUDA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

To the Board of Directors
of the Successor Agency to Industry Urban-Development Agency
City of Industry, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SA to IUDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SA to IUDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
March 30, 2018

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, 2017

	Private-purpose Trust Fund
ASSETS:	
Current assets:	
Cash	\$ 1,249,111
Investments	2,060,301
Other receivables	1,992,764
Prepaid items	1,350,000
Property held for sale or disposition	407,718,074
Noncurrent assets:	
Notes receivable	13,208,317
Restricted assets:	
Cash	94,546
Investments	146,725,191
Investments with fiscal agent	55,733,835
Total assets	630,132,139
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charges on refunding	34,045,095
Total deferred outflows of resources	34,045,095
LIABILITIES:	
Current liabilities:	
Accounts payable	4,574,085
Interest payable	9,896,999
Due to City of Industry	5,851,264
Bonds payable, due within one year	60,106,571
Total current liabilities	80,428,919
Noncurrent liabilities:	
Bonds payable, due in more than one year	445,960,499
Total non current liabilities	445,960,499
Total liabilities	526,389,418
NET POSITION:	
Held in trust for the SA to IUDA	\$ 137,787,816

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, 2017

		<u>Private-purpose Trust Fund</u>
ADDITIONS:		
Redevelopment agency property tax trust fund	\$ 63,685,996	
Less: Administrative expenses	(1,048,881)	
Pass through payments	<u>(6,914,657)</u>	
Redevelopment agency property tax trust fund, net		\$ 55,722,458
Revenues from use of money and property:		
Interest income		798,472
Rental income		8,153,407
Gain on sale of property		46,331,294
Intergovernmental revenue		302,000
Transfers in from the City		46,306,222
Other income		<u>465</u>
Total additions		<u>157,614,318</u>
DEDUCTIONS		
General administration		7,377,861
Interest expenses		29,631,482
Other expenses		<u>9,000</u>
Total deductions		<u>37,018,343</u>
CHANGES IN NET POSITION		120,595,975
NET POSITION:		
Beginning of the year		<u>17,191,841</u>
End of the year		<u>\$ 137,787,816</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, 2017**

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.

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 on the accrual basis of accounting.

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, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income for that fiscal year.

SA to AUDA, pooled with the City's investment pool, participates in an investment pool managed by the State of California titled Local Agency Investment Fund ("LAIF"), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool approximates the fair value of the pool shares.

Restricted cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of SA to IUDA hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for the payment of certain bonds, and have been invested only as permitted by specific State statutes or applicable ordinance, resolution or bond indenture.

D. Fair Value Measurement

U.S. GAAP 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

**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, 2017**

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

G. Property Held for Sale or Disposition

Property held for resale represents land, structures and their related improvements that were acquired for resale in accordance with the objectives of the Redevelopment Projects and grants. These costs will be charged to current year project expenditures when the related land and structures are sold. Property held for resale is valued at the lower of cost or expected net realizable value

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 expenses in the period incurred in the statement of changes in fiduciary net position.

**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, 2017**

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2017, consisted of the following:

	Amount
Cash	\$ 1,249,111
Cash - Restricted	94,546
Investments	2,060,301
Investments - Restricted	202,459,026
Total cash and investments	205,862,984
Cash:	
Petty cash	\$ 500
Demand deposits	1,343,157
Investments	204,519,329
Total cash and investments	\$ 205,862,986

The amounts held as “Cash-Restricted” of \$94,546 and “Investments-Restricted” of \$202,459,026, 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 \$1,343,157 at June 30, 2017. Bank balances before reconciling items were \$654,979 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, 2017, SA to IUDA’s deposits exceeded federally insured limits by \$154,979.

**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, 2017**

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, 2017**

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2017, 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, 2017:

Investment Type	Measurement Input		Total
	Observable Input Level 2	Uncategorized	
LAIF	\$ -	\$ 2,060,301	\$ 2,060,301
Investment - restricted			
LAIF	-	21,190,011	21,190,011
Commercial paper	3,644,243 ⁽¹⁾	-	3,644,243
Money market funds	-	121,890,937	121,890,937
Investment with fiscal agent:			
Money market funds	-	55,733,837	55,733,837
Total	<u>3,644,243</u>	<u>200,875,086</u>	<u>204,519,329</u>

⁽¹⁾ Valued based on a variety of market makers using curve-based approach.

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, 2017, 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, 2017**

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:		
LAIF	\$ 2,060,301	N/A
Investments - Restricted:		
LAIF	21,190,011	N/A
Commercial paper	3,644,243	4.60
Money market funds	121,890,937	N/A
Held by bond trustee:		
Money market funds	55,733,837	N/A
Total investments	<u>\$ 204,519,329</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, 2017</u>		
			<u>Actual Rating</u>	<u>Rated</u>	<u>Not Rated</u>
LAIF	\$ 2,060,301	N/A	\$ -	\$ 2,060,301	
Investment - restricted:					
LAIF	21,190,011	N/A	-		21,190,011
Commercial paper	3,644,243	Aaa/P-1	P-1	3,644,243	\$ -
Money market funds	121,890,937	Aaa/P-1	Aaa	121,890,937	-
Invested with fiscal agent:					
Money market funds	55,733,837	Aaa/P-1	Aaa	55,733,837	-
Total investments	<u>\$ 204,519,329</u>			<u>\$ 181,269,017</u>	<u>\$ 23,250,312</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, 2017**

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, 2017 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, 2017, the carrying amount of the investments in LAIF was in the amount of \$23,250,313.

Note 3 – Receivables

As of June 30, 2017, receivables on the statement of net position consisted of the following:

Notes receivable:	
Developer notes receivable - construction loans	\$ 9,082,629
Developer note receivable - Nissan	4,125,688
	13,208,317
Total notes receivable	\$ 13,208,317

A. Developer Notes Receivable – Grand Central Recycling

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, 2017**

Note 3 – Receivables (Continued)

A. Developer Notes Receivable - Grand Central Recycling (Continued)

	Amount June 30, 2017	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	\$ 4,244,638	\$ 782,515	\$ 3,462,123
Due June, 2022, payable in monthly payments of \$66,658 including interest at 4.00% per annum beginning July 2002	3,619,458	667,261	2,952,197
Due June, 2022, payable in monthly payments of \$22,441 including interest at 4.00% per annum beginning July 2002	1,218,533	224,641	993,892
Totals	\$ 9,082,629	\$ 1,674,417	\$ 7,408,212

Total interest received on these notes during the year ended in June 30, 2017 amounted to \$392,196.

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, 2017	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	\$ 4,125,688	\$ 138,321	\$ 3,987,367

Total interest income received on this note during the year ended June 30, 2017, amounted to \$132,906.

**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, 2017**

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. During the year ended June 30, 2017, the SA to IUDA sold fifteen properties for \$119,155,188 and recognized a gain of \$46,331,294.

As of June 30, 2017, the carrying amount of SA to IUDA’s property held for sale or disposition amounted to \$407,718,074.

Note 5 – Bonds Payable

Summary of changes in the Successor Agency to IUDA’s bonds payables for the year ended June 30, 2017 is as following:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year	Due in more than one year
Project Area 1:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	\$ 239,525,000	\$ -	\$ (32,000,000)	\$ 207,525,000	\$ 36,180,000	\$ 171,345,000
Total Project Area 1	<u>239,525,000</u>	<u>-</u>	<u>(32,000,000)</u>	<u>207,525,000</u>	<u>36,180,000</u>	<u>171,345,000</u>
Project Area 2:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	7,140,000	-	(495,000)	6,645,000	700,000	5,945,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	249,770,000	-	(10,245,000)	239,525,000	16,040,000	223,485,000
2015 Subordinate Tax Allocation Revenue Refunding Bonds, Series A	33,815,000	-	(23,420,000)	10,395,000	3,255,000	7,140,000
Total Project Area 2	<u>290,725,000</u>	<u>-</u>	<u>(34,160,000)</u>	<u>256,565,000</u>	<u>19,995,000</u>	<u>236,570,000</u>
Project Area 3:						
2015 Tax Allocation Revenue Refunding Bonds, Series A	7,230,000	-	(505,000)	6,725,000	710,000	6,015,000
2015 Tax Allocation Revenue Refunding Bonds, Series B	37,425,000	-	(2,595,000)	34,830,000	3,110,000	31,720,000
Total Project Area 3	<u>44,655,000</u>	<u>-</u>	<u>(3,100,000)</u>	<u>41,555,000</u>	<u>3,820,000</u>	<u>37,735,000</u>
Total tax allocation bonds	<u>574,905,000</u>	<u>-</u>	<u>(69,260,000)</u>	<u>505,645,000</u>	<u>59,995,000</u>	<u>445,650,000</u>
Deferred amounts:						
Unamortized premium/discounts	533,641	-	(111,571)	422,070	111,571	310,499
Total bonds payable	<u>\$ 575,438,641</u>	<u>\$ -</u>	<u>\$ (69,371,571)</u>	<u>\$ 506,067,070</u>	<u>\$ 60,106,571</u>	<u>\$ 445,960,499</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, 2017**

Note 5 – Bond Payable (Continued)

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.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	30,740,000	2,292,814	33,032,814
2023-2025	26,645,000	1,992,464	28,637,464
	<u>\$ 207,525,000</u>	<u>\$ 25,313,025</u>	<u>\$ 232,838,025</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, 2017**

Note 5 – Bond Payable (Continued)

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
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	845,000	181,750	1,026,750
2022-2025	2,790,000	283,500	3,073,500
	<u>\$ 6,645,000</u>	<u>\$ 1,577,250</u>	<u>\$ 8,222,250</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.

Debt service requirement to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
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	22,550,000	8,149,926	30,699,926
2023-2027	150,120,000	16,239,817	166,359,817
	<u>\$ 239,525,000</u>	<u>\$ 62,982,698</u>	<u>\$ 302,507,698</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, 2017**

Note 5 – Bond Payable (Continued)

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.

During the year ended June 30, 2016, SA to IUDA early redeemed \$21,445,000 of the bonds. Remaining principal ranges from \$200,000 to \$3,590,000 maturing annually through January 1, 2021. The bonds bear interests at rate of 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
2018	\$ 3,255,000	\$ 597,712	\$ 3,852,712
2019	3,350,000	410,550	3,760,550
2020	3,590,000	217,926	3,807,926
2021	200,000	11,500	211,500
	\$ 10,395,000	\$ 1,237,688	\$ 11,632,688

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.

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
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	855,000	184,000	1,039,000
2023-2025	2,825,000	286,750	3,111,750
	\$ 6,725,000	\$ 1,596,250	\$ 8,321,250

**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, 2017**

Note 5 – Bond Payable (Continued)

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

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
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	3,435,000	1,081,434	4,516,434
202-2027	18,005,000	2,671,050	20,676,050
	<u>\$ 34,830,000</u>	<u>\$ 9,360,382</u>	<u>\$ 44,190,382</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, 2017 amounted to \$611,411,555. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2017, total tax increment revenues calculated by the Los Angeles Auditor-Controller amounted to \$63,685,996, which the SA received \$55,722,458 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.

**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, 2017**

Note 5 – Bond Payable (Continued)

Revenue Pledged (Continued)

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 ended June 30, 2017 as follows:

RPTTF Funds	\$	63,685,996
Less:		
Administrative expenses		(1,048,881)
Pass through payments		(6,914,657)
Net RPTTF Funds	\$	55,722,458

**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, 2017**

Note 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, 2017 are as follows:

Year Ending June 30	Amount
2018	\$ 6,878,817
2019	6,884,452
2020	6,890,317
2021	6,896,421
2022	10,289,509
2023-2027	33,702,480
2028-2032	33,702,480
2033-2037	33,702,480
Thereafter	207,545,000

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, 2017, SA to IUDA earned and received \$8,153,407 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 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, 2017, 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 Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 8 – Commitment and Contingencies

A. 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.

B. Project Commitments

As of June 30, 2017, the total net position held in trust was \$137,787,816. All of the fiduciary net position are committed to fund project obligations and the debt service on the bonds payable.

Note 9 – Transactions with Related Parties

As of June 30, 2017, SA to IUDA had net amount due to the City in the amount of \$5,851,264. 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 \$5,890,751 due to the City, which arose from administrative expenses incurred by the SA to IUDA and paid by the City.

A total of \$505,645,000 SA to IUDA bonds are owned by the Industry Public Facilities Authority, a component unit of the City of Industry.

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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, 2017**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2017	\$ -	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
Totals	<u>\$ 207,525,000</u>		<u>\$ 25,313,025</u>	<u>\$ 232,838,025</u>	<u>\$ 232,838,025</u>

**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, 2017**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2017	\$ -	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>\$ 6,645,000</u>		<u>\$ 1,577,250</u>	<u>\$ 8,222,250</u>	<u>\$ 8,222,250</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, 2017**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2017	\$ -	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>\$ 239,525,000</u>		<u>\$ 62,982,698</u>	<u>\$ 302,507,698</u>	<u>\$ 302,507,698</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, 2017**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2017	\$ -		\$ 298,856	\$ 298,856	\$ -
1/1/2018	3,255,000	5.750%	298,856	3,553,856	3,852,712
7/1/2018	-		205,275	205,275	-
1/1/2019	3,350,000	5.750%	205,275	3,555,275	3,760,550
7/1/2019	-		108,963	108,963	-
1/1/2020	3,590,000	5.750%	108,963	3,698,963	3,807,926
7/1/2020	-		5,750	5,750	-
1/1/2021	200,000	5.750%	5,750	205,750	211,500
Totals	<u>\$ 10,395,000</u>		<u>\$ 1,237,688</u>	<u>\$ 11,632,688</u>	<u>\$ 11,632,688</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, 2017**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2017	\$ -	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>\$ 6,725,000</u>		<u>\$ 1,596,250</u>	<u>\$ 8,321,250</u>	<u>\$ 8,321,250</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, 2017**

<u>Period Ending</u>	<u>Principle</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
7/1/2017	\$ -	2.000%	\$ 762,094	\$ 762,094	\$ -
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	4,786,986
7/1/2019	-	3.000%	681,118	681,118	-
1/1/2020	3,425,000	3.000%	681,118	4,106,118	4,787,236
7/1/2020	-	5.044%	629,743	629,743	-
1/1/2021	3,530,000	5.044%	629,743	4,159,743	4,789,486
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	3,618,660
7/1/2026	-	5.044%	83,983	83,983	-
1/1/2027	3,330,000	5.044%	83,983	3,413,983	3,497,966
Totals	<u>\$ 34,830,000</u>		<u>\$ 9,360,379</u>	<u>\$ 44,190,379</u>	<u>\$ 44,190,379</u>