

## Orange Countywide Oversight Board

Date: 1/29/2019

Agenda Item No. 5B

From: Successor Agency to the Buena Park Redevelopment Agency

Subject: Resolutions of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolutions approving FY 2019-20 ROPS and Administrative Budget for the Buena Park Successor Agency

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The Buena Park Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-20.

Pursuant to Section 34177 of the Health and Safety Code (“HSC”), in order to make payments on enforceable obligations, the Successor Agency is required to prepare a Recognized Obligation Payment Schedule (“ROPS”) annually. Each ROPS must be approved by the Countywide Oversight Board and then submitted to the County Auditor-Controller, the State Controller, and the State Department (“DOF”) by February 1 of each year.

The attached Recognized Obligation Payment Schedule (ROPS) for July 1, 2019 through June 30, 2020 (ROPS 19-20) and Administrative Budget is being presented to the Countywide Oversight Board for approval. The approved ROPS will be submitted to the County Auditor-Controller, the State Controller, and the State Department of Finance, and posted on the City’s website no later than February 1, 2019.

ROPS 19-20 contains the same enforceable obligations listed on the previous ROPS (ROPS 18-19). There are no new line items on ROPS 19-20.

The items listed on ROPS 19-20 include:

- Items 2-4 - Tax allocation bond payments. Bond indentures attached.
- Item 6 - Superior Court-Judgment requiring former Redevelopment Agency to set-aside a percentage of tax increment to a certain project area. Plaintiff filed case to enforce judgment, which was denied by the Court. The case is being appealed by plaintiff.
- Item 8 - Administrative Budget as allowed by Health and Safety Code Section 34171(b).
- Item 14 - An Agreement with Sunrise Buena Park (Buena Park Mall) requiring the Successor Agency to reimburse a percentage of tax increment and sales tax generated by the Mall. See attached.
- Item 17 - An agreement with The Source requiring the Successor Agency to reimburse a percentage of tax increment and sales tax generated by the development. See attached.

- Item 19 - The Beach Boulevard Streetscape Project funded with bond proceeds. See attached.
- Item 60 - Bank administration fee for outstanding bonds.
- Item 66 - Repayment of the former Redevelopment Agency loan to the City of Buena Park. The DOF has denied this item as an enforceable obligation. The matter is in litigation.

Previously denied Item 6 and Item 66 are included on ROPS 19-20 per our legal counsel's advice, due to pending litigation.

Both ROPS 19-20 and Administrative Budget are scheduled to be approved by the Buena Park Successor Agency at its meeting on January 22, 2019.

#### Impact on Taxing Entities

Payments for enforceable obligations on the approved ROPS 19-20 for the period of July 1, 2019 through June 30, 2020 will be paid from the Redevelopment Property Tax Trust Fund (RPTTF). Taxing entities will continue to receive statutory pass-through payments and any residual amounts of RPTTF.

#### Attachments:

1. Proposed Oversight Board Resolution Approving ROPS 19-20
2. Exhibit A - Recognized Obligation Payment Schedule (ROPS 19-20)
3. Proposed Oversight Board Resolution Approving Administrative Budget for FY 19-20
4. Exhibit A - Administrative Budget for FY 19-20
5. Placeholder for Pending Resolutions from Buena Park Successor Agency for ROPS 19-20 and Administrative Budget for FY 19-20
6. Bond Indentures (Items 2-4)
7. Jonathan Lehrer-Grainer Judgment Pursuant to Stipulation (Item 5)
8. Agreement with Sunrise Buena Park/Buena Park Mall (Item 14)
9. Agreement with The Source at Beach (Item 17)
10. Beach Boulevard Streetscape Project Renderings (Item 19)
11. Resolutions Supporting the former Redevelopment Agency Loan to the City of Buena Park (Item 66)

Resolution No. 19-\_\_\_\_

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE BUENA PARK REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD FROM JULY 1, 2019 THROUGH JUNE 30, 2020, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN RELATED ACTIONS

WHEREAS, pursuant to Health and Safety Code Section 34177(o), the Successor Agency to the Buena Park Redevelopment Agency (the “Successor Agency”) must prepare a Recognized Obligation Payment Schedule listing the anticipated payments for enforceable obligations to be made by the Successor Agency during the fiscal period from July 1, 2019 through June 30, 2020 (“ROPS 19-20”) and submit ROPS 19-20 to the Oversight Board (the “Oversight Board”) for approval; and

WHEREAS, pursuant to Health and Safety Code Section 34179(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (“the Oversight Board”) has jurisdiction over the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(C) and Section 34177(o)(1), the Successor Agency must: (i) submit the Oversight Board-approved ROPS 19-20 to the State Department of Finance (the “DOF”), the Office of the State Controller, and the County Auditor-Controller no later than February 1, 2019, and (ii) post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency’s website; and

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the proposed ROPS 19-20, substantially in the form attached hereto as “Exhibit A.” Staff of the Successor Agency is hereby authorized and directed to: (i) submit a copy of Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller and (ii) post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency’s Internet website (being a page on the Internet website of the City of Buena Park).

Section 3. The officers of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including but not limited to requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and making adjustments to ROPS 19-20 pursuant to the DOF’s instructions, and any such actions previously taken are hereby ratified and confirmed.

Section 4. The Clerk of the Oversight Board shall certify to the adoption of this resolution.

**EXHIBIT A**

**SUCCESSOR AGENCY TO THE BUENA PARK REDEVELOPMENT AGENCY  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 19-20)**

(July 1, 2019 – June 30, 2020)

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary**  
**Filed for the July 1, 2019 through June 30, 2020 Period**

**Successor Agency:** Buena Park  
**County:** Orange

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>19-20A Total (July - December)</b>	<b>19-20B Total (January - June)</b>	<b>ROPS 19-20 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D):</b>	<b>\$ 430,000</b>	<b>\$ 900,000</b>	<b>\$ 1,330,000</b>
B Bond Proceeds	430,000	900,000	1,330,000
C Reserve Balance	-	-	-
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 18,474,309</b>	<b>\$ 7,389,337</b>	<b>\$ 25,863,646</b>
F RPTTF	18,349,309	7,264,337	25,613,646
G Administrative RPTTF	125,000	125,000	250,000
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 18,904,309</b>	<b>\$ 8,289,337</b>	<b>\$ 27,193,646</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (o) of the Health and Safety code, I hereby  
certify that the above is a true and accurate Recognized Obligation  
Payment Schedule for the above named successor agency.

\_\_\_\_\_  
Name Title

/s/ \_\_\_\_\_  
Signature Date



**Buena Park Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances**  
**July 1, 2016 through June 30, 2017**  
**(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		<b>Fund Sources</b>					
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>	
	<b>ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)</b>	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	<b>Comments</b>
<b>1</b>	<b>Beginning Available Cash Balance (Actual 07/01/16)</b> RPTTF amount should exclude "A" period distribution amount	10,510,596			160,066	65,727	Item G: An adjustment has been made to beginning balance to reflect available cash balance on City's general ledger.
<b>2</b>	<b>Revenue/Income (Actual 06/30/17)</b> RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	20,552			17,835	8,723,878	
<b>3</b>	<b>Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)</b>	771,706			61,282	8,636,240	Item C includes: 1) Project expenditures of \$770,085; and 2) Bond payment of \$1,621.30.
<b>4</b>	<b>Retention of Available Cash Balance (Actual 06/30/17)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	7,875,061					Item C includes restricted cash held with fiscal agent.
<b>5</b>	<b>ROPS 16-17 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
<b>6</b>	<b>Ending Actual Available Cash Balance (06/30/17)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 1,884,381	\$ 0	\$ 0	\$ 116,619	\$ 153,365	





Resolution No. 19-\_\_\_\_\_

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD  
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE BUENA  
PARK REDEVELOPMENT AGENCY APPROVING PROPOSED  
ADMINISTRATIVE BUDGET FOR THE FISCAL PERIOD FROM JULY 1,  
2019 THROUGH JUNE 30, 2020, AND TAKING CERTAIN RELATED  
ACTIONS

WHEREAS, pursuant to Health and Safety Code Section 34177(j), the Successor Agency to the Buena Park Redevelopment Agency (the "Successor Agency") must prepare a proposed administrative budget for each fiscal period (commencing July 1) and submit each proposed administrative budget to the Orange Countywide Oversight Board (the "Oversight Board") for approval; and

WHEREAS, pursuant to Health and Safety Code Section 34177(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board ("the Oversight Board") has jurisdiction over the Successor Agency; and

WHEREAS, The Successor Agency's proposed Administrative Budget for the fiscal period from July 1, 2019 through June 30, 2020 ("Administrative Budget 19-20") has been presented to this Oversight Board for approval;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves Administrative Budget 19-20 substantially in the form attached hereto as "Exhibit A."

Section 3. The Staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and the Administrative Budget, including making any adjustment to the proposed Administrative Budget to make them consistent with the Successor Agency's Recognized Obligation Payment Schedule for fiscal year 2019-20 (as such Recognized Obligation Payment Schedule is approved by the State Department of Finance).

Section 4. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end, the provisions of this Resolution are severable. The Oversight Board hereby declares that it would have adopted this Resolution regardless that one or more portion may be determined to be invalid.

Section 5. The Clerk of the Oversight Board shall certify to the adoption of this resolution.

EXHIBIT A

SUCCESSOR AGENCY TO THE BUENA PARK REDEVELOPMENT AGENCY  
ADMINISTRATIVE BUDGET 19-20  
(July 1, 2019 – June 30, 2020)

**EXHIBIT "A"**

**CITY OF BUENA PARK  
SUCCESSOR AGENCY ADMINISTRATIVE BUDGET  
(JULY 1, 2019 - JUNE 30, 2020)**

<b>ESTIMATED ADMINISTRATIVE COSTS</b>	<b>ROPS 19-20 (July 1, 2019-June 30, 2020)</b>
Salaries/Benefits	157,780
Administrative services, office rent, utilities, management information systems, maintenance, training, office expenses and supplies	64,600
Professional/Contractual Services - property and sales tax administration, bond servicing, bank fees, bond arbitrage report, etc.	27,620
<b>TOTAL ADMINISTRATIVE BUDGET</b>	<b>\$250,000</b>

Funding Source - Redevelopment Property Tax Trust Fund (RPTTF)

**EXHIBIT "A"**

**CITY OF BUENA PARK  
SUCCESSOR AGENCY ADMINISTRATIVE BUDGET  
(JULY 1, 2019 - JUNE 30, 2020)**

<b>ESTIMATED ADMINISTRATIVE COSTS</b>		<b>ROPS 19-20</b> (July 1, 2019-June 30, 2020)
Salaries/Benefits		157,780
Administrative services, office rent, utilities, mgnt. information systems, maintenance, conference/meeting and office expenses, etc.		64,600
Administrative Services	9,820	
Office Rent/Utilities	32,490	
Management Information Systems	4,210	
Auto Expense Reimbursement	150	
Stationery/Office Supplies	1,000	
Postage - Outside	300	
Building Maintenance	9,130	
Conference/Meeting	500	
Repro Supplies/Services	7,000	
Professional/Contractual Services - property and sales tax administration, bond servicing, bank fees, bond arbitrage report, etc.		27,620
Legal Services	6,000	
HdL - Property & Sales Tax Administration	5,000	
Harrell & Associates - Bond Servicing	2,500	
Union Bank Fees - Bond Administration	8,620	
Wildan bond arbitrage, other misc. as required	5,500	
<b>TOTAL ADMINISTRATIVE BUDGET</b>		<b>\$250,000</b>

Funding Source - Redevelopment Property Tax Trust Fund (RPTTF)

RESOLUTION NO. SA-18

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE CITY OF BUENA PARK COMMUNITY REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD FROM JULY 1, 2019 THROUGH JUNE 30, 2020 (ROPS 19-20) PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN RELATED ACTIONS

WHEREAS, Pursuant to Health and Safety Code Section 34177(o), the Successor Agency to the Buena Park Redevelopment Agency (the "Successor Agency") must prepare a Recognized Obligation Payment Schedule listing the anticipated payments for enforceable obligations to be made by the Successor Agency during the fiscal period from July 1, 2019 through June 30, 2020 ("ROPS 19-20") and submit ROPS 19-20 to the Countywide Oversight Board (the "Oversight Board") for approval; and

WHEREAS, Pursuant to Health and Safety Code Section 34177(l)(2)(B), at the same time that the Successor Agency submits ROPS 19-20 to the Oversight Board for approval, the Successor Agency must submit a copy of such ROPS 19-20 to the State Department of Finance (the "DOF"), the County administrative officer, and the County Auditor-Controller; and

WHEREAS, Pursuant to Health and Safety Code Section 34177(l)(2)(C) and Section 34177(o)(1), the Successor Agency must: (i) submit the Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller no later than February 1, 2019, and (ii) post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's website.

NOW, THEREFORE, the Successor Agency to the Buena Park Redevelopment Agency hereby finds, determines, resolves, and orders as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Successor Agency hereby approves the proposed ROPS 19-20 substantially in the form attached thereto as Exhibit A.

Section 3. Staff is hereby authorized and directed to submit a copy of ROPS 19-20 to the Oversight Board for approval and, at the same time, transmit a copy of ROPS 19-20 to the DOF, the County Auditor-Controller and the County administrative officer as designated by the County.

Section 4. Staff is hereby authorized and directed to submit a copy of Oversight Board-approved ROPS 19-20 to the DOF, the Office of the State Controller, and the County Auditor-Controller. If the Oversight Board has not approved ROPS 19-20 by February 1, 2019, staff is hereby authorized and directed to transmit ROPS 19-20 to the DOF, the Office of the

State Controller, and the County Auditor-Controller by February 1, 2019, with a written notification regarding the status of the Oversight Board's review. Written notice and information regarding the action of the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing.

Section 5. Staff is hereby authorized and directed to post a copy of the Oversight Board-approved ROPS 19-20 on the Successor Agency's Internet website (being a page on the Internet website of the City of Buena Park).

Section 6. The officers and the other staff members of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including but not limited to requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and making adjustments to ROPS 19-20 pursuant to the DOF's instructions, and any such actions previously taken are hereby ratified and confirmed.

PASSED AND ADOPTED this 22<sup>nd</sup> day of January 2019, by the following called vote:

AYES: Swift, Smith, Park, Traut, Brown

NOES: None

ABSENT: None

ABSTAIN: None



*Arthur C. Brown*

Chairperson

ATTEST:

*Adria Jimenez, MMC*  
City Clerk

I, Adria Jimenez, MMC, City Clerk of the Successor Agency to the Redevelopment Agency of the City of Buena Park, California, hereby certify that the foregoing resolution was duly and regularly passed and adopted at a regular meeting of the Successor Agency to the Community Redevelopment Agency of the City of Buena Park, held this 22nd day of January 2019.

*Adria Jimenez, MMC*  
City Clerk

EXHIBIT A

SUCCESSOR AGENCY TO THE BUENA PARK REDEVELOPMENT AGENCY  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE

ROPS 19-20

(July 1, 2019 – June 30, 2020)

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary**  
 Filed for the July 1, 2019 through June 30, 2020 Period

**Successor Agency:** Buena Park  
 County: Orange

	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>			
<b>A Enforceable Obligations Funded as Follows (B+C+D):</b>			
B Bond Proceeds	\$ 430,000	\$ 800,000	\$ 1,330,000
C Reserve Balance	430,000	900,000	1,330,000
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>			
F RPTTF	\$ 18,474,309	\$ 7,389,337	\$ 25,863,646
G Administrative RPTTF	18,349,309	7,264,337	25,613,646
	125,000	125,000	250,000
<b>H Current Period Enforceable Obligations (A+E):</b>	\$ 18,904,309	\$ 8,289,337	\$ 27,193,646

Certification of Oversight Board Chairman:  
 Pursuant to Section 34177 (o) of the Health and Safety code, I hereby  
 certify that the above is a true and accurate Recognized Obligation  
 Payment Schedule for the above named successor agency.

\_\_\_\_\_  
 Name Title  
 /s/ \_\_\_\_\_  
 Signature Date



Buena Park Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail  
 July 1, 2019 through June 30, 2020  
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	19-20A (July - December)				19-20B (January - June)				W			
											L	M	N	O	P	Q	R	S		T	U	V
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Assigned Escrow Date	Contract/Assignment Termination Date	Payer	Description/Project Scope	Project Area	Total Obligations Due or Obligation	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTIF	Admin RPTIF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTIF	Admin RPTIF	19-20B Total	
2003	Tax Allocation Bonds - Series 12/31/10	Bonds Issued On or Before 12/31/10	8/7/2003	8/7/2024	Union Bank	Bonds Housing & Non-Housing Projects	Consolidated	287,843,596	27,155,648	450,000	18,349,301	0	7,491,983	125,000	18,004,302	950,000	18,349,301	0	7,491,983	125,000	18,349,301	8,239,337
2004	Tax Allocation Bonds - Series 12/31/10	Bonds Issued On or Before 12/31/10	8/7/2003	8/7/2024	Union Bank	Bonds Housing & Non-Housing Projects	Consolidated	63,247,649	3,211,466	450,000	1,821,741	0	1,821,741	125,000	1,821,741	950,000	1,821,741	0	1,821,741	125,000	1,821,741	1,237,744
4	2008 Tax Allocation Bonds - Series 12/31/10	Bonds Issued On or Before 12/31/10	8/7/2003	8/7/2023	Union Bank	Bonds Housing & Non-Housing Projects	Consolidated	15,915,452	3,206,498	450,000	2,853,493	0	2,853,493	125,000	2,853,493	450,000	2,853,493	0	2,853,493	125,000	2,853,493	352,228
8	Personal Services Labor Contract - Admin Costs	OPAC/DOA Construction	11/18/1979	7/2/2031	City of Buena Park	Admin. Personnel, Fac. & Operating Costs	Consolidated	13,624,590	11,809,114	450,000	3,822,800	0	3,822,800	125,000	3,822,800	450,000	3,822,800	0	3,822,800	125,000	3,822,800	125,000
14	Administrative Contract Allowance	OPAC/DOA Construction	8/26/2003	3/30/2033	Service Buena Park (BP)	1st Increment Reimbursement	Consolidated	15,540,349	630,000	450,000	630,000	0	630,000	125,000	630,000	450,000	630,000	0	630,000	125,000	630,000	125,000
17	Developer Disposition Agreement	OPAC/DOA Construction	9/28/2010	9/28/2044	TRU	Tax Increment Reimbursement	Consolidated	56,831,777	533,922	450,000	533,922	0	533,922	125,000	533,922	450,000	533,922	0	533,922	125,000	533,922	800,000
60	Bond Administration Fee	Fees	7/19/2000	8/1/2035	Union Bank	Bond Administration Fees	Consolidated	237,770	6,815	450,000	6,815	0	6,815	125,000	6,815	450,000	6,815	0	6,815	125,000	6,815	800,000
61	City of Buena Park	Fees	8/29/1995	7/2/2031	City of Buena Park	No City of Buena Park	Consolidated	3,374,836	3,374,836	450,000	3,374,836	0	3,374,836	125,000	3,374,836	450,000	3,374,836	0	3,374,836	125,000	3,374,836	800,000

**Buena Park Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances**  
**July 1, 2016 through June 30, 2017**  
**(Report Amounts in Whole Dollars)**

A	B	C	D	E	F	G	H				
								Fund Sources			Comments
								Bond Proceeds	Reserve Balance	Other Funds	
	<b>ROPS 16-17 Cash Balances</b> (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin					
<b>1</b>	<b>Beginning Available Cash Balance (Actual 07/01/16)</b> RPTTF amount should exclude "A" period distribution amount	10,510,596			160,066	65,727	Item G: An adjustment has been made to beginning balance to reflect available cash balance on City's general ledger.				
<b>2</b>	<b>Revenue/Income (Actual 06/30/17)</b> RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	20,552			17,835	8,723,878					
<b>3</b>	<b>Expenditures for ROPS 16-17 Enforceable Obligations</b> (Actual 06/30/17)				61,282	8,636,240	Item C includes: 1) Project expenditures of \$770,085; and 2) Bond payment of \$1,621,300.				
<b>4</b>	<b>Retention of Available Cash Balance (Actual 06/30/17)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	771,706					Item C includes restricted cash held with fiscal agent.				
<b>5</b>	<b>ROPS 16-17 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	7,875,061									
<b>6</b>	<b>Ending Actual Available Cash Balance (06/30/17)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 1,884,381	\$ 0	\$ 0	\$ 116,619	\$ 153,365					

**Buena Park Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020**

Item #	Notes/Comments
2	Tax Allocation Bond payment due 9/1/2019 and 3/1/2020
3	Tax Allocation Bond payment due 9/1/2019 and 3/1/2020
4	Tax Allocation Bond payment due 9/1/2019 and 3/1/2020
6	Motion to Enforce Judgment filed by Plaintiff - Settlement Agreement requires former Agency to place obligation on all future ROPS.
8	Administrative cost allowance.
	Agreement requires former Agency to pay a percentage of tax increment and sales tax generated by the Buena Park Downtown (Mall). Property tax values and sales tax generated by the Mall continues to increase every year.
14	tax generated by the Mall continues to increase every year.
17	Agreement requires former Agency to pay a percentage of sales taxes and tax increment generated by The Source.
	Bond proceeds for the Beach Boulevard Streetscape Project includes construction of medians, sidewalks, landscaping, lighting, signage, etc. Phase I of the project completed; Phase 2 construction plans are being prepared. Construction estimated to begin in May 2019.
19	completed; Phase 2 construction plans are being prepared. Construction estimated to begin in May 2019.
60	Bank administration fees for all outstanding Bonds.
66	Repayment of the former Redevelopment Agency loan to the City of Buena Park.

RESOLUTION NO. SA-19

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE CITY OF BUENA PARK COMMUNITY REDEVELOPMENT AGENCY APPROVING A RECOGNIZED PROPOSED ADMINISTRATIVE BUDGET FOR THE FISCAL PERIOD FROM JULY 1, 2019 THROUGH JUNE 30, 2020, AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

A. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency to the Buena Park Redevelopment Agency (the "Successor Agency") must prepare a proposed administrative budget for each fiscal period (commencing July 1) and submit each proposed administrative budget to the Countywide Oversight Board (the "Oversight Board") for approval.

B. The Successor Agency's proposed administrative budget for the fiscal period from July 1, 2019 through June 30, 2020 ("Administrative Budget 19-20") is being presented to this Successor Agency to the City of Buena Park Community Redevelopment Agency for approval.

NOW, THEREFORE, the Successor Agency hereby finds, determines, resolves, and orders as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Successor Agency hereby approves Administrative Budget 19-20 substantially in the form attached hereto as Exhibit A.

Section 3. Staff is hereby authorized and directed to submit a copy of the administrative budget to the Oversight Board.

Section 4. The Staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and the Administrative Budget, including making any adjustment to the proposed Administrative Budget to make them consistent with the Successor Agency's Recognized Obligation Payment Schedule for fiscal year 2019-20 (as such Recognized Obligation Payment Schedule is approved by the State Department of Finance).

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end, the provisions of this Resolution are severable. The Successor Agency hereby declares that it would have adopted this Resolution regardless that one or more portion may be determined to be invalid.

PASSED AND ADOPTED this 22<sup>nd</sup> day of January 2019, by the following called vote:

AYES: Swift, Smith, Park, Traut, Brown

NOES: None

ABSENT: None

ABSTAIN: None

*Art & Brown*

Chairperson



ATTEST:

*Adria M. Jimenez, MMC*  
City Clerk

I, Adria M. Jimenez, MMC, City Clerk of the Successor Agency to the Redevelopment Agency of the City of Buena Park, California, hereby certify that the foregoing resolution was duly and regularly passed and adopted at a regular meeting of the Successor Agency to the Community Redevelopment Agency of the City of Buena Park, held this 22nd day of January 2019.

*Adria M. Jimenez, MMC*  
City Clerk

EXHIBIT A

SUCCESSOR AGENCY TO THE BUENA PARK REDEVELOPMENT AGENCY  
ADMINISTRATIVE BUDGET 19-20  
(July 1, 2019 – June 30, 2020)

**EXHIBIT "A"**

**CITY OF BUENA PARK  
SUCCESSOR AGENCY ADMINISTRATIVE BUDGET  
(JULY 1, 2019 - JUNE 30, 2020)**

<b>ESTIMATED ADMINISTRATIVE COSTS</b>	<b>ROPS 19-20 (July 1, 2019-June 30, 2020)</b>
Salaries/Benefits	157,780
Administrative services, office rent, utilities, management information systems, maintenance, training, office expenses and supplies	64,600
Professional/Contractual Services - property and sales tax administration, bond servicing, bank fees, bond arbitrage report, etc.	27,620

**TOTAL ADMINISTRATIVE BUDGET**

**\$250,000**

Funding Source - Redevelopment Property Tax Trust Fund (RPTTF)

NEW ISSUE – FULL BOOK - ENTRY ONLY

RATINGS: Moody's Investor Service: Aaa  
Standard & Poor's Ratings Group: AAA  
(MBIA Insured)  
(See "RATINGS" herein)

In the opinion of Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference or purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income tax. See "TAX MATTERS."

**\$24,055,000**

**Community Redevelopment Agency of the City of Buena Park  
Consolidated Redevelopment Project  
2003 Tax Allocation Refunding Bonds**

Dated: Date of Delivery

Due: September 1, as shown below

*This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.*

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of interests in the Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal, premium, if any, and interest on the Bonds will be paid directly to DTC by Union Bank of California, N.A., Los Angeles, California, as trustee (the "Trustee"). Principal of the Bonds is payable on the dates set forth below on the inside cover page hereof. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2004 (the "Interest Payment Dates"). Upon its receipt of payments of principal and interest, DTC is in turn obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

**The Bonds are subject to redemption prior to their stated maturity as described herein.**

The Bonds are special obligations of the Community Redevelopment Agency of the City of Buena Park (the "Agency") secured by Tax Revenues, which consist of a portion of the ad valorem taxes levied upon all taxable property within the Consolidated Redevelopment Project (the "Project Area") and allocated to the Agency on a parity with the Agency's Redevelopment Project No. II 2000 Tax Allocation Refunding Bonds outstanding in the principal amount of \$6,905,000 (the "2000 Bonds"). THE PORTIONS OF AD VALOREM TAXES PAYABLE BY THE AGENCY UNDER CERTAIN TAX SHARING AGREEMENTS AND TAX SHARING STATUTES DESCRIBED HEREIN ARE EXCLUDED FROM THE DEFINITION OF TAX REVENUES.

Proceeds of the Bonds will be used (i) to refund the Agency's Central Business District Redevelopment Project Tax Allocation Refunding Bonds, Series 1992A and Subordinate Tax Allocation Refunding Bonds, Series 1992B, (ii) to fund a deposit into the debt service reserve fund for the Bonds and the 2000 Bonds, and (iii) to pay costs incurred in connection with the issuance, sale, and delivery of the Bonds, and the premium of a municipal bond insurance policy.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA.



**THE BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY AND, AS SUCH, THE BONDS ARE NOT A DEBT OF THE CITY OF BUENA PARK (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE"), OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE, NOR ANY OF THEIR POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AGENCY AS SET FORTH IN THE INDENTURE. NEITHER THE MEMBERS OF THE AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY FOR THE BONDS. THE AGENCY HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.**

**SEE MATURITY SCHEDULE ON INSIDE FRONT COVER**

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed on for the Agency by Agency Counsel. It is anticipated that the Bonds will be available for delivery in book-entry form in New York, New York on or about July 2, 2003.

Dated: June 17, 2003



MATURITY SCHEDULE FOR THE BONDS

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate%</u>	<u>Yield or Price%</u>	<u>CUSIP</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate%</u>	<u>Yield or Price%</u>	<u>CUSIP</u>
2004	\$730,000	2.000	1.000	119147DF0	2015	\$1,140,000	3.500	100	119147DS2
2005	880,000	2.000	1.150	119147DG8	2016	1,180,000	3.600	100	119147DT0
2006	895,000	2.250	1.200	119147DH6	2017	1,220,000	3.700	100	119147DU7
2007	915,000	2.250	1.750	119147DJ2	2018	1,270,000	3.800	100	119147DV5
2008	935,000	2.500	2.000	119147DK9	2019	1,315,000	3.900	100	119147DW3
2009	960,000	2.600	2.250	119147DL7	2020	1,365,000	4.000	100	119147DX1
2010	985,000	2.700	2.625	119147DM5	2021	1,420,000	4.000	4.100	119147DY9
2011	1,010,000	2.750	100	119147DN3	2022	1,480,000	4.100	4.125	119147DZ6
2012	1,040,000	3.000	100	119147DP8	2023	1,540,000	4.100	4.200	119147EA0
2013	1,070,000	3.100	100	119147DQ6	2024	1,600,000	4.200	4.250	119147EB8
2014	1,105,000	3.250	100	119147DR4					

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No dealer, broker, salesperson or other person has been authorized by the Community Redevelopment Agency of the City of Buena Park or the City of Buena Park to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any Bonds by any person in any jurisdiction in which such offer of solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement, which involve estimates, forecasts or matter of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact.

The information set forth herein has been obtained from the City, the Agency and other sources that are believed to be reliable, but it is not guaranteed as to its accuracy or completeness. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the City since the date hereof. All summaries of the resolutions, indenture of trust, laws and statutes or other documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

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

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exception from the registration requirements contained in such acts. The Bonds have not been registered or qualified under the securities laws of any state.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE ORIGINAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING IF COMMENCED MAY BE DISCONTINUED AT ANY TIME.**

**THE ORIGINAL PURCHASER MAY OFFER AND SELL BONDS TO CERTAIN DEALERS AND OTHERS AT A PRICE LOWER THAN THE OFFERING PRICE. THE OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE ORIGINAL PURCHASER.**

**COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF BUENA PARK**

**BUENA PARK, CALIFORNIA**

**AGENCY MEMBERS AND CITY COUNCIL**

*Steve Berry, Chair and Mayor*

*Jim Dow, Vice Chair and Mayor Pro-Tem*

*Donald W. McCay, Agency Board Member and Council Member*

*Arthur Brown, Agency Board Member and Council Member*

*Patsy Marshall, Agency Board Member and Council Member*

**AGENCY STAFF AND CITY STAFF**

*Greg Beaubien, Executive Director and City Manager*

*Nita McKay, Finance Director*

*May Wong Hui, Economic Development Director*

*Shalice Reynoso, Agency Secretary and City Clerk*

**SPECIAL SERVICES**

**Bond Counsel**

Jones Hall, a Professional Law Corporation

San Francisco, California

**Trustee and Escrow Agent**

Union Bank of California

Los Angeles, California

**Financial Advisor to the Agency**

Fieldman, Rolapp & Associates

Irvine, California

**Fiscal Consultant**

GRC Associates Inc.

Brea, California

**Agency Counsel**

Richards, Watson & Gershon

Brea, California

**Verification Agent**

Grant Thornton

Minneapolis, MN

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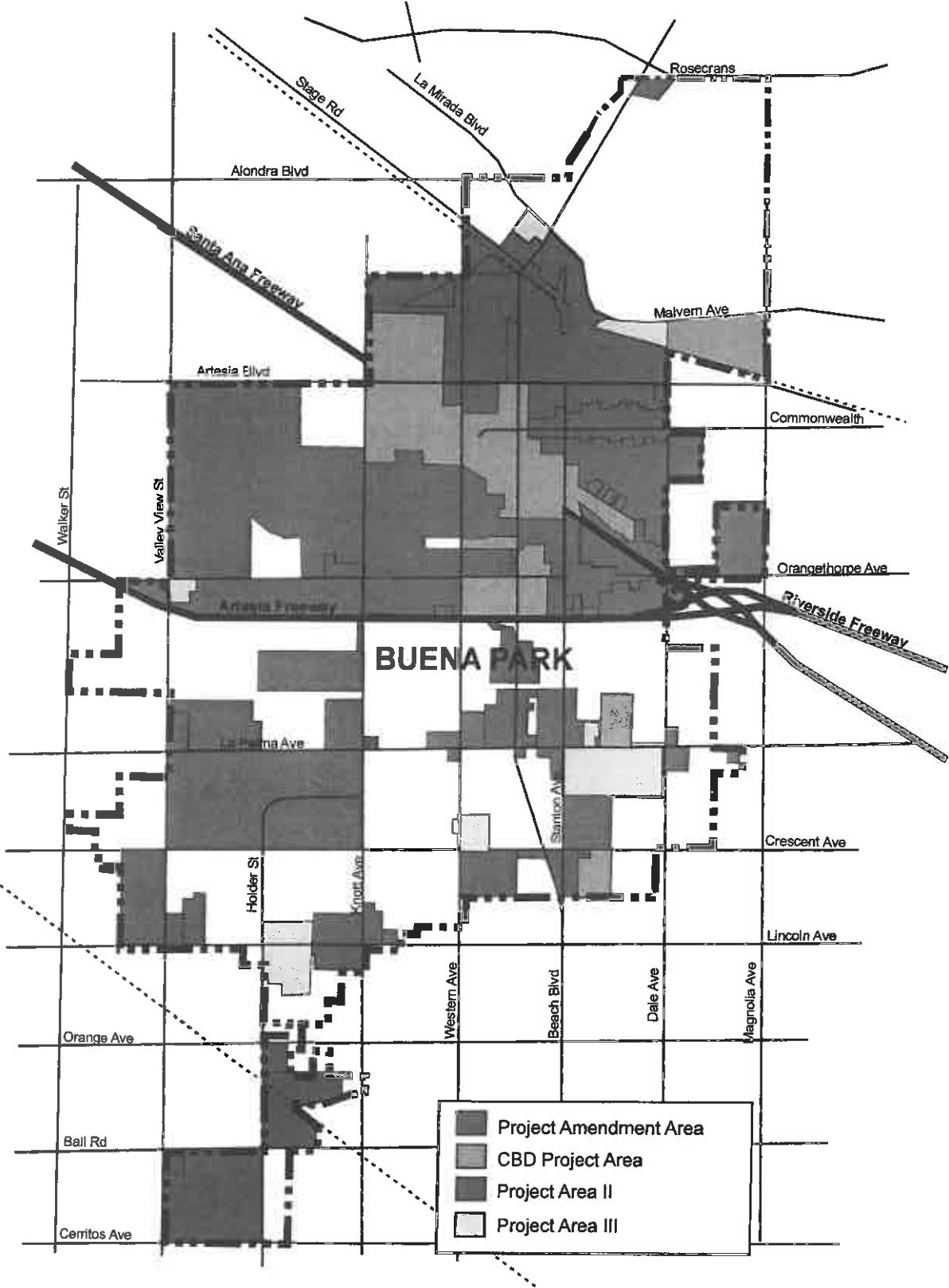
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# City of Buena Park Redevelopment Project Map



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## **OFFICIAL STATEMENT**

**\$24,055,000**

**Community Redevelopment Agency of the City of Buena Park**

**Consolidated Redevelopment Project**

**2003 Tax Allocation Refunding Bonds**

### ***INTRODUCTION***

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Potential investors are encouraged to read the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

### **GENERAL**

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the Community Redevelopment Agency of the City of Buena Park (the "Agency") of \$24,055,000 principal amount of its Consolidated Redevelopment Project, 2003 Tax Allocation Refunding Bonds (the "Bonds").

The Bonds are being issued pursuant to the Constitution and the laws of the State of California (the "State"), including the California Community Redevelopment Law (codified in Part 1 of Division 24 of the California Health and Safety Code) (the "Redevelopment Law"), a resolution of the Agency adopted on December 14, 1999, and an Indenture of Trust (the "2000 Bonds Indenture"). The 2000 Bonds Indenture, dated as of February 1, 2000, is by and between the Agency and Union Bank of California, N.A., as trustee (the "Trustee"), and is supplemented and amended by a First Supplement to Indenture of Trust (the "First Supplement"), dated as of June 1, 2003, by and between the Agency and the Trustee (the 2000 Bonds Indenture, as supplemented and amended, the "Indenture"). The 2000 Bonds Indenture provided for the issuance of the 2000 Tax Allocation Refunding Bonds in the original principal amount of \$8,265,000 (the "2000 Bonds"). The Indenture permits the issuance of the Bonds as Parity Debt payable on parity with the 2000 Bonds. The Agency will comply with all conditions precedent to the issuance of the Bonds as Parity Debt under the Indenture.

Proceeds of the Bonds will be used (i) to refund the Agency's Central Business District Redevelopment Project Tax Allocation Refunding Bonds, Series 1992A and Subordinate Tax Allocation Refunding Bonds, Series 1992B (together, the "Refunded Bonds"), (ii) to fund a deposit into the debt service reserve fund for the Bonds and the 2000 Bonds, and (iii) to pay costs incurred in connection with the issuance, sale and delivery of the Bonds and the premium of a municipal bond insurance policy.

### **THE CITY, THE AGENCY, AND THE REDEVELOPMENT PLAN**

The City of Buena Park (the "City") is located in the northern portion of Orange County (the "County"), California approximately 25 miles southeast of Los Angeles. Incorporated in 1953 as a general law city, the City encompasses an area of approximately ten square miles. The City operates according to the Council/Manager form of government. The City Manager is appointed by the City Council to administer the City's staff and generally implement policies established by the City Council. See "APPENDIX C -



GENERAL INFORMATION RELATING TO THE CITY OF BUENA PARK” for a more complete description of the City and the surrounding region.

The Agency was established pursuant to the California Community Redevelopment Law (the “Redevelopment Law”), codified in Part 1 of Division 24 of the California Health and Safety Code, and was activated by the City Council on March 21, 1972 by the adoption of Ordinance No. 823. The five members of the City Council serve as the governing body of the Agency, and exercise all rights, powers, duties and privileges of the Agency. The Agency is charged with the responsibility for elimination of blight through the process of redevelopment. The Agency exercises governmental functions in carrying out projects and has sufficiently broad authority to acquire, develop, administer, sell or lease property, including the right of eminent domain and the right to issue bonds and expend the proceeds, subject, however, to certain limitations set forth in the applicable redevelopment plan.

The Consolidated Redevelopment Project consists of four constituent project areas adopted over the last twenty-four years. The Central Business District Project Area (CBD Project Area) was originally adopted by the Buena Park City Council on November 19, 1979 by Ordinance No. 1069 and consisted of 190 acres. The CBD Project Area was subsequently amended by Ordinance Nos. 1115-1124 to add ten sub-areas totaling approximately 300 acres to the CBD Project on November 16, 1981. The City Council adopted a second project area, Project Area II, on October 1, 1984 by Ordinance No. 1163. Project Area II included an additional 265 acres including 26 non-contiguous areas located throughout the City. Project Area II has been amended three times to add additional properties and to include the power of eminent domain through Ordinances Nos. 1204, 1243, and 1309. Project Area III was adopted on June 18, 1990 by Ordinance No. 1246, which added an additional 200 acres to the overall redevelopment planning effort of the City. Project Area III has since been amended by Ordinance No. 1309 in 1994. Project Area IV was adopted on May 7, 2002, by Ordinance No. 1421 and includes an additional 2,921 acres. Project Area IV is the largest project area, but since it was adopted in May 2002, the Agency has not yet received any tax increment from this project area.

The four project areas were subsequently merged by Ordinance No. 1422, adopted by the City Council on May 7, 2002. The project area formed by the merging of existing project areas is known as the Buena Park Consolidated Redevelopment Project (the “Consolidated Redevelopment Project”). The Consolidated Redevelopment Project now consists of a total of 3,940 acres and includes approximately 8,727 parcels. This includes 508 acres from within the CDB Project Area, 311 from Project Area II, 200 from Project Area III, and 2,921 from Project Area IV.

Prior to the amendment of the 2000 Bonds Indenture by the First Supplement, the 2000 Bonds were payable solely from Tax Revenues allocated to Redevelopment Project Area II. Pursuant to the amendment of the 2000 Bonds Indenture by the First Supplement, the Bonds and the 2000 Bonds are payable from Tax Revenues generated from the Consolidated Redevelopment Project.

The Agency’s audited financial statements for the fiscal year ended June 30, 2002 are included in APPENDIX B and should be read in their entirety. The Agency’s audited financial statements were prepared by the independent accounting firm of Conrad & Associates L.L.P., (the “Auditor”). The auditors have not consented to the inclusion of their report in this Official Statement and have performed no post-audit procedures in connection with the inclusion of their report. The Auditor has not reviewed or opined as to any part of this Official Statement. The Agency’s audited financial statements for the year ended June 30, 2002 and prior years are on file for public inspection with the Secretary of the Agency.

## **TAX ALLOCATION FINANCING**

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of tax revenues collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan (the base roll) is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. With limited exception, taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of tax revenues described above.

## **SECURITY FOR THE BONDS**

The Bonds are special obligations of the Agency payable solely from "Tax Revenues" (see "SECURITY FOR THE BONDS - Allocation of Taxes; Tax Revenues") and other funds and accounts pledged therefore pursuant to the Indenture. Tax Revenues are defined generally as tax increment revenues received by the Agency, less certain statutory and contractual obligations to taxing entities and housing set-aside obligations. The Bonds and the 2000 Bonds are further secured by monies on deposit in the Reserve Account held by the Trustee for the benefit of the Owners of the Bonds and by a Surety in the amount of \$395,250 issued concurrently with the Bonds.

Concurrently with the issuance of the Bonds, MBIA will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy. See "BOND INSURANCE" herein.

For additional information regarding security for the Bonds, see "SECURITY FOR THE BONDS" herein. The Agency's receipt of Tax Revenues is subject to certain risks and limitations. See "BONDOWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES" herein.

With the exception of (i) debt service on the 2000 Bonds, (ii) future payments under the Tax Sharing Agreements and Tax Sharing Statutes (defined below at "SECURITY FOR THE BONDS - Allocation of Taxes; Tax Revenues") to the extent such Tax Sharing Agreements and Tax Sharing Statutes require payment of tax increment revenues to other taxing entities, and (iii) certain statutory housing set-aside requirements, the Agency has no bonds or other obligations outstanding payable from tax increment revenues from the Project Area. See "SECURITY FOR THE BONDS" and "THE FINANCING PLAN" herein.

## **PROFESSIONALS INVOLVED IN THE OFFERING**

Union Bank of California, N.A., Los Angeles, California, will act as Trustee and Escrow Agent with respect to the Bonds and the Refunded Bonds.

GRC Associates Inc., Brea, California, has acted as Fiscal Consultant to the Agency and has prepared a report (set forth in APPENDIX D hereto) on projected taxable values and anticipated tax increment revenues in the Project Area.

Fieldman, Rolapp & Associates, Irvine, California, has served as financial advisor to the Agency in connection with the Bonds and has assisted the Agency in structuring the Bonds, as well as preparation of the Preliminary and Official Statement.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed on for the City and the Agency by their counsel. The fees and expenses of Bond Counsel and the Financial Advisor are contingent upon the sale and delivery of the Bonds.

## **SUMMARIES OF DOCUMENTS**

There follow in this Official Statement, descriptions of the Bonds, the First Supplement to the Indenture, the Agency, the City, the Project Area, the Redevelopment Law, and various agreements. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms not defined herein shall have the meanings set forth in the Indenture. Copies of the First Supplement to Indenture of Trust are available for inspection during business hours at the corporate trust office of the Trustee in Los Angeles, California.

This Official Statement speaks only as of its date, as set forth on the cover hereof, and the information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Agency or the City or the Project Area since the date hereof.

## **AVAILABLE INFORMATION AND CONTINUING DISCLOSURE**

The Agency will covenant in a Continuing Disclosure Certificate to provide certain financial information and operating data relating to the Agency (the "Annual Report") by not later than December 31 of each year, commencing December 31, 2003 for the report for the 2002-03 Fiscal Year, or if the fiscal year changes from June 30, not later than 180 days after the end of the Agency's Fiscal Year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed with each Nationally Recognized Municipal Securities Information Repository and with any then existing State Repository (collectively, the "Repositories"). Currently, there is no State Repository. The notices of material events will be filed with the Repositories. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX G - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants will be made in order to assist the initial purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The Agency has not failed to file any continuing disclosure certificate or notice of material events in connection with any bonds issued by the Agency prior to the sale and delivery of the Bonds.

## ***THE REFUNDING PLAN***

### **USE OF BOND PROCEEDS**

Proceeds from the sale of the Bonds, together with certain other available monies, will be used (i) to refund on a current basis the Agency's Central Business District Redevelopment Project Tax Allocation Refunding Bonds, Series 1992A (the "1992A Bonds"), currently outstanding in the principal amount of \$16,315,000; (ii) to refund on a current basis the Agency's Central Business District Redevelopment Project Subordinate Tax Allocation Bonds, Series 1992B (the "1992B Bonds" and together with the 1992A Bonds, the "Refunded Bonds"), currently outstanding in the principal amount of \$8,325,000; (iii) to fund a deposit into the debt service reserve fund for the Bonds and the 2000 Bonds, and (iv) to pay

costs incurred in connection with the issuance, sale, and delivery of the Bonds, and the premium of a municipal bond insurance policy.

With respect to the refunding of the 1992A Bonds and the 1992B Bonds, a portion of the proceeds of the Bonds will be deposited in the 1992A Bonds Escrow Fund and a portion of the proceeds of the Bonds will be deposited in the 1992B Bonds Escrow Fund, each of which will be held by Union Bank of California, N.A., Los Angeles, California, as escrow agent (the "Escrow Agent"), and administered pursuant to the 1992A Escrow Deposit and Trust Agreement and the 1992B Escrow Deposit and Trust Agreement (the "Refunding Escrow Agreements"), each dated as of June 1, 2003, by and between the Agency and the Escrow Agent. Monies placed in the 1992A Bonds Escrow Fund will be used to purchase United States government obligations, the principal of which will be sufficient, together with any un-invested cash and earnings, to pay the principal of and interest on the 1992A Bonds to and including September 1, 2003 and to pay on such date the redemption price of the 1992A Bonds maturing after such date. Monies placed in the 1992B Bonds Escrow Fund will be used to purchase United States government obligations, the principal of which will be sufficient, together with any un-invested cash and earnings, to pay the principal of and interest on the 1992B Bonds to and including September 1, 2003 and to pay on such date the redemption price of the 1992B Bonds maturing after such date. Grant Thornton, independent certified public accountants, will verify the arithmetical accuracy of the calculations demonstrating the adequacy of the Refunded Bonds Escrow Portfolio to assure timely payment of the debt service on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATION".

## SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of the proceeds from the sale of the Bonds and certain other monies:

**SOURCES AND USES OF FUNDS**  
**Community Redevelopment Agency of the City of Buena Park**  
**Consolidated Redevelopment Project**  
**2003 Tax Allocation Refunding Bonds**

**Sources:**

Par Amount of the Bonds	\$24,055,000.00
Plus: Funds from 1992A Bonds	2,110,939.30
Plus: Funds from 1992B Bonds	819,677.84
Plus: Funds from 9/1/03 Debt Service Payment	1,373,857.50
Plus: Net Original Issue Premium	63,362.75
Less: Underwriter's Discount	( 303,912.75 )
<b>Total Sources</b>	<b>\$28,118,924.64</b>

**Uses:**

1992A Bonds Escrow Fund	\$17,021,426.55
1992B Bonds Escrow Fund	8,716,943.94
Reserve Account <sup>1</sup>	1,671,965.00
Costs of Issuance Fund <sup>2</sup>	<u>708,589.15</u>
<b>Total Uses</b>	<b>\$28,118,924.64</b>

<sup>1</sup> Deposit will be sufficient to cause the amount on deposit to equal the Reserve Requirement for the Bonds and the 2000 Bonds.

<sup>2</sup> Costs of Issuance include Bond Counsel, Financial Advisor, Verification Agent, Printing costs, insurance premium, and other costs related to the issuance of the Bonds.

## ANNUAL DEBT SERVICE

The following table shows the scheduled annual debt service requirements for the Bonds.

**ANNUAL DEBT SERVICE SCHEDULE**  
**Community Redevelopment Agency of the City of Buena Park**  
**Consolidated Redevelopment Project**  
**2003 Tax Allocation Refunding Bonds**

<u>Bond Year</u> <u>Ending</u> <u>September 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2004	730,000	937,393.20	1,667,393.20
2005	880,000	790,797.50	1,670,797.50
2006	895,000	773,197.50	1,668,197.50
2007	915,000	753,060.00	1,668,060.00
2008	935,000	732,472.50	1,667,472.50
2009	960,000	709,097.50	1,669,097.50
2010	985,000	684,137.50	1,669,137.50
2011	1,010,000	657,542.50	1,667,542.50
2012	1,040,000	629,767.50	1,669,767.52
2013	1,070,000	598,567.50	1,668,567.50
2014	1,105,000	565,397.50	1,670,397.50
2015	1,140,000	529,485.00	1,669,485.00
2016	1,180,000	489,585.00	1,669,585.00
2017	1,220,000	447,105.00	1,667,105.00
2018	1,270,000	401,965.00	1,671,965.00
2019	1,315,000	353,705.00	1,668,705.00
2020	1,365,000	302,420.00	1,667,420.00
2021	1,420,000	247,820.00	1,667,820.00
2022	1,480,000	191,020.00	1,671,020.00
2023	1,540,000	130,340.00	1,670,340.00
2024	<u>1,600,000</u>	<u>67,200.00</u>	<u>1,667,200.00</u>
<b>Total</b>	<b>\$24,055,000</b>	<b>\$10,992,075.70</b>	<b>\$35,047,075.70</b>

## ***THE BONDS***

### **AUTHORITY FOR ISSUANCE**

The Bonds are issued pursuant to the Constitution and laws of the State of California and under authority granted to the Agency by the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code, as amended, a resolution of the Agency adopted on May 27, 2003, and the Indenture.

The Bonds are special obligations of the Agency and as such are not a debt of the City of Buena Park, the State of California, or any of their political subdivisions, and neither the City, the State, nor any of their political subdivisions are liable for the payment thereof. In no event shall the Bonds be payable out of any funds or properties other than those of the Agency as set forth in the Indenture. The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limit or restriction. For a discussion of some of the risks associated with the purchase of the Bonds, see "BONDOWNERS' RISKS" herein. The Agency has no taxing powers.

Potential investors should read the Official Statement in its entirety. The Bonds and the 2000 Bonds are payable solely from Tax Revenues as defined in the Indenture and are additionally secured by a pledge and lien on all monies held in the Reserve Account. **THE PORTION OF AD VALOREM TAXES PAYABLE BY THE AGENCY UNDER CERTAIN TAX SHARING AGREEMENTS AND TAX SHARING STATUTES DESCRIBED HEREIN IS EXCLUDED FROM THE DEFINITION OF TAX REVENUES.** See "SECURITY FOR THE BONDS" herein.

### ***DESCRIPTION OF THE BONDS***

The Bonds will be issued in authorized denominations of \$5,000 each or integral multiples thereof and will be dated the date of delivery of the Bonds. Subject to possible redemption prior to maturity as provided in the Indenture, the Bonds mature on the respective dates and bear interest at the respective rates per annum set forth on the cover page hereof. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2004 (collectively, the "Interest Payment Dates").

The Bonds will be issued as one fully registered bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" herein.

### **OPTIONAL REDEMPTION**

Bonds maturing on or after September 1, 2012, shall be subject to redemption as a whole or in part, as determined by the Agency and by lot within a maturity, at the option of the Agency, on any date on or after September 1, 2011, from any available source of funds, at the following redemption prices (expressed as percentages of the principal amount of the bonds to be redeemed) together with accrued interest thereon to the date fixed for redemption.

<b>Redemption Date</b>	<b>Redemption Price</b>
September 1, 2011 through August 31, 2012	101.0%
September 1, 2012 through August 31, 2013	100.5%
September 1, 2013 and thereafter	100.0%

### **SELECTION OF BONDS FOR REDEMPTION**

For the purposes of redemption, the Bonds of denominations greater than \$5,000 will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. If the Agency redeems less than all Outstanding Bonds under an optional redemption as described above, or if the Agency purchases Bonds, each of the remaining principal payments for the Bonds will be reduced by amounts that are in authorized denominations and are as nearly as possible proportional among the remaining principal payments.

### **NOTICE OF REDEMPTION**

Where redemption is authorized or required, the Trustee, on behalf and at the expense of the Agency, shall mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state (if applicable) that such redemption is conditioned upon the timely delivery of the redemption price by the Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number(s) of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

### **PARTIAL REDEMPTION**

In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of the same interest rate, maturity, and series of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

## **EFFECT OF REDEMPTION**

From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the applicable Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

## **REGISTRATION, TRANSFER AND EXCHANGE**

The Trustee will keep or cause to be kept, at its corporate trust office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Agency, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register to transfer or cause to be registered or transferred such Bonds on the Registration Books as provided in the applicable Indenture.

Any Bond may, in accordance with its terms, be transferred upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for Registration of transfer or exchange, the Agency shall execute and the Trustee shall deliver a new Bond or Bonds, of like series, interest rate, maturity, series, and principal amount. The Trustee may charge a tax or other governmental charge on the transfer or exchange of any Bonds pursuant to the applicable Indenture.

The Trustee may refuse to transfer or exchange any Bond selected by the Trustee for redemption.

## ***SECURITY FOR THE BONDS***

### **TAX ALLOCATION FINANCING**

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of tax revenues collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. With certain limited exceptions, taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged to a bond issue by a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of tax revenues produced as indicated above.

### **ALLOCATION OF TAXES; TAX REVENUES**

As provided in the Redevelopment Plan, and pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State of California, any city, county, city and county or other public corporation (the "taxing agencies") for fiscal years beginning after the effective date of Ordinances first establishing and adopting the Redevelopment Plans for the constituent project areas of the Consolidated Redevelopment Project, shall be divided as follows:



- (a) The portion equal to the amount of taxes produced by the then current tax rate, applied to the assessed valuation of such property in the constituent project area as shown on the applicable base year assessment roll as last equalized prior to the establishment of the constituent project area shall be, when collected, paid into the funds of those respective taxing agencies;
- (b) Except for taxes which are attributable to a tax levy by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the respective taxing agency, that portion of levied taxes each year in excess of such amount, including (to the extent permitted by law) all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, will be allocated to, and when collected, will be paid to the Agency to pay the principal of and interest on loans to, money advanced to, or indebtedness incurred by the Agency to finance redevelopment projects.

Revenues generated as set forth above and allocated to the Agency are generally referred to as tax increment revenues. Tax Revenues (as defined below) that secure the Bonds and the 2000 Bonds are a portion of such tax increment revenues. Tax Revenues are generally those tax increment revenues received by the Agency within limitations upon the Redevelopment Plan (as described herein under the heading "Redevelopment Plan Limits,") and remaining after deductions for payments required by law to be made to the Agency's Low and Moderate Income Housing Fund and payments to taxing entities pursuant to "Tax Sharing Statutes" (as described herein under the heading "Tax Sharing Statutes") and "Tax Sharing Agreements" (as described herein under the heading "Tax Sharing Agreements") to the extent the Tax Sharing Statutes or the Tax Sharing Agreements create a prior, unsubordinated lien on tax increment revenues.

"Tax Revenues" means, except as provided below, monies allocated within the Redevelopment Plan Limits paid to the Agency derived from (a) that portion of taxes levied upon assessable property within the Consolidated Redevelopment Project allocated to the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Sections 16110, et seq., of the Government Code of the State of California) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and including that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds (including that portion of the Prior Bonds refunded with the proceeds of the Bonds) and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Law, (ii) amounts payable by the Agency pursuant to Tax Sharing Agreements and (iii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of Parity Debt, as applicable.

Payments pursuant to the Tax Sharing Statutes generally consist of amounts required to be paid to certain taxing entities under Section 33607.7 of the Redevelopment Law as a consequence of Redevelopment Plan amendments that extend certain of the Redevelopment Plan Limits. Sections 33607.5 and 33607.7

of the Redevelopment Law are referred to herein as the "Tax Sharing Statutes". The effect of the Tax Sharing Statutes is described further at "Tax Sharing Statutes", herein.

For a description of amounts payable to taxing agencies other than the Agency pursuant to the existing Tax Sharing Agreements, see "SECURITY FOR THE BONDS - Tax Sharing Agreements".

The term "Redevelopment Plan Limits" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, (c) the period of time for establishing or incurring indebtedness payable from Tax Revenues and (d) the period of time for receiving Tax Revenues for any purpose, in each case established pursuant to Section 33333.4 or 33333.6 of the Redevelopment Law. See "LIMITATIONS ON TAX REVENUES - Redevelopment Plan Limits".

## **PLEDGE OF TAX REVENUES**

Pursuant to the provisions of the Indenture, the Agency has pledged that portion of the tax increment revenues that constitute the Tax Revenues. The Bonds, the 2000 Bonds and any other Parity Debt are secured by a first and prior lien on Tax Revenues and by a pledge of all of the monies in the Special Fund established under the Indenture.

The Bonds and the 2000 Bonds are additionally secured by a pledge of all of the monies in the Reserve Account, the Interest Account, the Principal Account, and the Redemption Account established under the Indenture, including all amounts derived from the investment of such monies, subject to application in accordance with the Indenture.

Any Tax Revenues received in any fiscal year following such time during such fiscal year as the amounts on deposit in the Special Fund held by the Agency pursuant to the Indenture equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, Principal Account, Redemption Account, and Reserve Account established under the Indenture in such fiscal year will be released as surplus from the pledge and lien under the Indenture and may be used for any lawful purpose of the Agency. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" contained herein.

Except as provided in the Indenture, the Bonds and the 2000 Bonds shall be equally secured by a first pledge of and lien on all of the Tax Revenues and a first and exclusive pledge of and lien upon all of the monies in the funds and accounts created pursuant to the Indenture without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such monies, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal and redemption price of or interest on the Bonds and the 2000 Bonds.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the Bonds and the covenants and agreements therein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the other Bonds, by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

## **LOW AND MODERATE INCOME HOUSING SET-ASIDE**

Section 33334.6 of the Law requires redevelopment agencies to set aside 20 percent of all tax increment revenues from project areas adopted prior to January 1, 1977 into a low and moderate income housing fund (the Housing Set-Aside Requirement). An agency can reduce the Housing Set-Aside Requirement if it annually makes certain prescribed determinations that are consistent with the housing element of the general plan. These findings are: (1) that no need exists in the community to improve or increase the supply of low and moderate income housing; or, (2) some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need. In order to make findings (1) or (2), the Agency's finding must be consistent with the housing element of the community's general plan, including its share of the regional housing needs of very low income households and persons and families of low or moderate income. No such findings have been made by the Agency.

To the extent a portion of tax allocation bond proceeds are deposited into the Housing Set-Aside Fund, debt service on such bonds fulfills the Housing Set-Aside Requirement reflecting the portion of net bond proceeds deposited in the Housing Set-Aside Fund. The Agency allocated bond proceeds funded by tax increment from Project Area II to the Housing Set-Aside Fund. Specifically, when the Agency issued 1988A Refunding Parity Bonds that refunded previous bonds from which 20 percent of the net proceeds were deposited in the Housing Set-Aside Fund. At the same time the Agency issued 1988 Series B Parity Bonds with no deposit of proceeds into the Housing Set-Aside Fund. The Community Redevelopment Agency of the City of Buena Park estimates 17% of the debt service on these Bonds, which were refunded in 2000, is attributable to Housing Set-Aside Requirement and have reduced the total Housing Set-Aside Requirement by that estimated amount. The Agency contributes \$82,160 annually from the Consolidated Redevelopment Project Housing Set-Aside Requirement to meet this debt service.

## **LIMITED LIABILITY**

Any future decrease in the taxable valuation of property in the Project Area or in the applicable tax rates relating thereto will reduce the tax revenues allocated to the Agency from the Project Area and correspondingly will have an adverse impact on the ability of the Agency to pay the principal of and interest on the Bonds. Except for the Tax Revenues and the amounts held in trust under the Indenture, no funds or properties of the Agency shall be pledged to or otherwise liable for, the Bonds.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate could reduce the amount of Tax Revenues that would otherwise be available to pay the principal of and interest on the Bonds. Likewise, broadened property tax exemptions or changes in economic conditions within the Project Area could have a similar effect. See "BONDOWNERS' RISKS" herein.

**THE BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY AND AS SUCH ARE NOT A DEBT OF THE CITY OF BUENA PARK, THE STATE OF CALIFORNIA, OR ANY OF THEIR POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE, NOR ANY OF THEIR POLITICAL SUBDIVISIONS IS LIABLE FOR THE PAYMENT THEREOF. IN NO EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN TAX REVENUES OF THE AGENCY AS SET FORTH IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION. THE AGENCY HAS NO TAXING POWERS.**

## **APPLICATION OF TAX REVENUES**

The Indenture provides that Tax Revenues when and as received by the Agency will be deposited in the Special Fund held by the Agency. Except as provided in the Indenture, all Tax Revenues received by the Agency and deposited into the Special Fund during any Bond Year in excess of the amount required to equal the Annual Debt Service on the Bonds for such Bond Year plus the amount, if any, necessary to restore the balance in the Reserve Account to the Reserve Requirement during such Bond Year will be released from the pledge and lien of the Indenture for the security of the Bonds.

Monies in the Special Fund necessary to pay the Annual Debt Service on the Bonds plus the amount, if any, necessary to restore the balance in the Reserve Account to the Reserve Requirement for each Bond Year will be transferred by the Agency to the Trustee in the amounts and at the times provided in the Indenture and will be deposited in the following respective accounts within the Debt Service Fund in the following order of priority:

Interest Account;  
Principal Account;  
Reserve Account.

All money in each of such accounts will be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the Indenture. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE".

## **RESERVE ACCOUNT**

To secure further the payment of principal of and interest on the Bonds and the 2000 Bonds, the Agency is required, upon delivery of the Bonds, to make the necessary deposit of funds to cause the balance in the Reserve Account to be equal to the Reserve Requirement. The "Reserve Requirement" means, as of the date of calculation, an amount equal to the least of: (i) one hundred twenty five percent (125%) of average annual Debt Service on the Bonds and any Parity Debt, (ii) 10% of the original principal amount of the Bonds and any Parity Debt or, (iii) Maximum Annual Debt Service. If at any time for any reason the amount in the Reserve Account is less than the Reserve Requirement, the Reserve Account will be restored to the Reserve Requirement by transfers to the Reserve Account from the Special Fund with the first available monies in the Special Fund. Upon delivery of the Bonds, the Reserve Account will be funded in the amount of \$1,671,965.00.

The Indenture provides that the Agency may satisfy the Reserve Requirement in whole or in part, by tendering to the Trustee: (1) a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture and (2) an opinion of Bond Counsel stating that such release will not, of itself, cause interest on the Bonds and any Parity Debt, to become includable in gross income for purposes of federal income taxation. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall be obligated either (a) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument or (b) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement.

A "Qualified Reserve Account Credit Instrument" means any irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in one of the two highest rating categories by S&P and Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter

of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw there under an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) written notice of the posting of such Qualified Reserve Account Credit Instrument is given to S&P and Moody's. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE".

Cash and investments on deposit in the Reserve Account will be used solely for the purpose of paying the principal of and interest on the Bonds and the 2000 Bonds when due in the event that the monies from Tax Revenues and other funds pledged to the payment of the debt are insufficient therefore or monies in the Redemption Account are insufficient to make a mandatory redemption in accordance with the provisions of the Indenture.

Whenever monies are withdrawn from the Reserve Account, the Agency will transfer to the Trustee for deposit in the Reserve Fund from the first available monies in the Special Fund an amount necessary to increase monies on deposit in the Reserve Account so that the balance of the monies therein is equal to the Reserve Requirement.

## **DEFEASANCE**

If the Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof (i) by paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable; (ii) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture and all Supplemental Indentures, is fully sufficient to pay all or such portion of such Bonds Outstanding, including all applicable principal, interest and redemption premiums, or (iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available monies then on deposit in the funds and accounts established pursuant to the Indenture and all Supplemental Indentures, be fully sufficient to pay and discharge the indebtedness on all or such portion of such Bonds (including all applicable principal, interest and redemption premiums) at or before maturity, or (iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation; notwithstanding that such Bonds shall not have been surrendered for payment, the pledge of Tax Revenues and other funds provided for in the Indenture, and all other obligations of the Agency under the Indenture with respect to all such Bonds Outstanding shall cease and terminate, except only (a) the obligation of the Agency to be in compliance with rebate requirements of the Tax Code and applicable Tax Regulations, (b) the obligation of the Agency to transfer and exchange such Bonds as provided in the Indenture, (c) the obligations of the Agency to pay sums due the Trustee, and (d) the obligation of the Agency to pay or cause to be paid to the Owners of such Bonds all sums due thereon. See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE".

## ***THE INSURER AND THE MUNICIPAL BOND INSURANCE POLICY***

*The following information has been furnished by MBIA Insurance Corporation (the "Insurer" or "MBIA") for use in this Official Statement. Reference is made to Appendix H for a specimen of MBIA's policy the Financial Guaranty Insurance Policy issued by MBIA (the "Policy").*

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the

principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefore.

## **MBIA**

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth under the heading "The Insurer and the Municipal Bond Insurance Policy". Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The Financial Guarantee Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

## **MBIA INFORMATION**

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2002; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003,, are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2002, MBIA had admitted assets of \$9.2 billion (audited), total liabilities of \$6.0 billion (audited), and total capital and surplus of \$3.2 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2003 MBIA had admitted assets of \$9.3 billion (unaudited), total liabilities of \$6.1 billion (unaudited), and total capital and surplus of \$3.2 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

## **FINANCIAL STRENGTH RATINGS OF MBIA**

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

***THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK***

**AGENCY MEMBERS**

The Community Redevelopment Agency of the City of Buena Park was activated in 1981 by Ordinance of the City Council adopted pursuant to the Redevelopment Law. The five members of the City Council serve as the governing body of the Agency, and exercise all rights, powers, duties and privileges of the Agency. The Chair of the Agency, who is also the Mayor, is appointed by the City Council. The members of the governing body of the Agency are as follows:

<u>Member</u>	<u>Occupation</u>	<u>Term Expires</u>
<i>Steve Berry</i> Chair and Mayor	President/Founder of ADCOM Publishing, Inc.	November, 2004
<i>Jim Dow</i> Vice Chair and Vice Mayor	Small Business Owner (Machine Shop)	November, 2004
<i>Arthur Brown</i> Agency Board Member and Council Member	Retired Sheriff	November, 2006
<i>Donald W. McCay</i> Agency Board Member and Council Member	Retired Police Officer	November, 2006
<i>Patsy Marshall</i> Agency Board Member and Council Member	Owner/Patsy Marshall & Associates Public Relations Consulting	November, 2006



## AGENCY ADMINISTRATION

The Agency and the City entered into a cooperation agreement whereby the City agreed to provide the Agency with staff, office space and supplies. The Agency agreed to reimburse the City for such services, supplies and equipment. The Agency and the City adopt an annual administrative budget delineating the costs of such services. The Agency reimburses the City out of available surplus Tax Revenues. Such reimbursement is subordinate to any outstanding bonded indebtedness of the Agency including the Bonds.

The City is a general law city and operates according to the Council/Manager form of government. The City Manager is appointed by the City Council to administer the City's staff and generally implement policies established by the City Council. Current City staff assigned to administer the Agency are listed below:

**Greg Beaubien**, is the *City Manager and Executive Director of the Agency*. Under direction and control of the City Council, the City Manager is head of the City Government. Mr. Beaubien is responsible for the efficient administration of all affairs of the City including enforcement of all laws of the State and ordinances of the City. Mr. Beaubien has worked for the City of Buena Park since 1990 and has served as Director of Finance, Deputy City Manager and Interim City Manager. Prior to his tenure in Buena Park, he acted in various managerial capacities in the cities of Stanton, Rancho Palos Verdes, Seaside and Lynwood. Mr. Beaubien received his B.A. in Political Science from California State University Dominguez Hills.

**May Wong Hui**, is the *Economic Development Director* for the City's Economic Development Department, which is directly responsible for providing staff services to the Agency. Ms. Hui is also responsible for the commercial and residential rehabilitation programs, Community Development Block Grant program, as well as redevelopment activities of the City. She has worked with local government planning since 1979, seventeen of those years with the Agency. Ms. Hui has a Bachelor of Science Degree from California Polytechnic State University at San Luis Obispo.

**Nita McKay**, is the *Director of Finance* for the City of Buena Park and is responsible for managing thirteen professional, technical and clerical employees in the day-to-day operations of the City's finance, information systems, treasury, and reprographics activities. Ms. McKay has been with the City since 2001 and has ten years of previous governmental finance/accounting experience, including Controller with the City of San Clemente and Assistant Director of Finance with the City of Costa Mesa. Ms. McKay received her Bachelor's Degree from Montana State University and is a Certified Public Accountant with the State of California and a Certified Public Finance Officer with the Government Finance Officers Association. Additionally, Ms. McKay is a member of the California Municipal Treasurers Association, the California Society of Municipal Finance Officers, and the Government Finance Officers Association.

**Shalice Reynoso**, is the *Agency Secretary and City Clerk* and was appointed by the City Council to serve in this capacity in October of 1997. Other responsibilities include serving as the City's Election Official, recording, and maintaining proceedings and actions of both the City Council and the Redevelopment Agency. Ms. Reynoso received her B.A. from Brigham Young University in Provo, Utah and is an active member in the City Clerk's Association of California, the International Institute of Municipal Clerks, the National Notary Association, and the Buena Park Historical Society (Board Member 1992-98).

## AGENCY POWERS

All powers of the Agency are vested in its members. Pursuant to the Law, the Agency is a separate public body and exercises governmental functions, including planning and implementing redevelopment projects.

The Agency may exercise the right to issue bonds for authorized purposes and to expend their proceeds, and the right to acquire, sell, rehabilitate, develop, administer or lease property. The Agency may demolish buildings, clear land and cause to be constructed certain improvements, including streets, sidewalks, and utilities, and can further prepare for use as a building site any real property which it owns or administers.

The Agency may, from any funds made available to it for such purposes, pay for all or part of the value of land and the cost of buildings, facilities or other improvements to be publicly owned and operated, provided that such improvements are of benefit to a redevelopment project and cannot be financed by any other reasonable method. The Agency may not construct or develop buildings, with the exception of public buildings and housing, and must sell or lease cleared property which it acquires within a redevelopment project for redevelopment in conformity with a particular redevelopment plan, and may further specify a period within which such redevelopment must begin and be completed.

### **FACTORS AFFECTING REDEVELOPMENT AGENCIES GENERALLY**

Other features of the Redevelopment Law that bear on redevelopment agencies include general provisions which require public agencies to award contracts for construction only after competitive bidding. The Redevelopment Law provides that construction in excess of a minimum amount undertaken by the Agency shall be done only after competitive bidding. California statutes also provide for offenses punishable as felonies that involve direct or indirect interest of a public official in a contract made by such official in his official capacity. In addition, the Redevelopment Law prohibits any Agency or City official or employee who, in the course of his duties, is required to participate in the formulation or approval of plans or policies, from acquiring any interest in property in the Project Area.

Under a State initiative enacted in 1974, public officials are required to make extensive disclosures regarding their financial interests by filing such disclosures as public records. As of the date of this Official Statement, the members of the City Council and the Agency, and other City and Agency officials have made the required filings. California also has strict laws regarding public meetings (known as the Ralph M. Brown Act) that makes all Agency and City meetings open to the public, with certain exceptions not applicable here.

As described below, redevelopment agencies are required to file a statement of indebtedness with the county auditor-controller not later than the first day of October, stating the amount of indebtedness of the Agency as of the close of its fiscal year, June 30. The Agency has made such a filing for fiscal year 2002-03.

### **AGENCY COUNSEL**

The Law Offices of Richards, Watson & Gershon, a professional corporation, Brea, California, has served the Agency as its Counsel since 1997.

### **FINANCIAL STATEMENTS**

Included in this Official Statement as APPENDIX B are the audited financial statements of the Agency for the year ended June 30, 2002 reproduced from the report thereon rendered by Conrad & Associates, L.L.P., independent accountants for the Agency.

## **NO PRIOR DEFAULTS**

The Agency has never defaulted in the payment of principal of or interest on any of its bonds or other debt obligations.

## **FILING OF STATEMENT OF INDEBTEDNESS**

Section 33675 of the Redevelopment Law requires that the Agency file, not later than the first day of October of each year with the county auditor, a statement of indebtedness certified by the chief financial officer of the Agency for each redevelopment project for which the redevelopment plan provides for the division of taxes pursuant to section 33670 of the Redevelopment Law. The statement of indebtedness is required to contain, among other things, the date on which the bonds were delivered, the principal amount, term, purpose, interest rate and total interest of the bonds, the principal amount and the interest due in the fiscal year in which the statement of indebtedness is filed and the outstanding balance and amount due on the bonds. Similar information must be given for each loan, advance or indebtedness that the Agency has incurred or entered into which is payable from tax increment.

As amended by Assembly Bill 1290 (Statutes of 1993, Chapter 942) ("AB 1290"), section 33675 requires each redevelopment agency to file a reconciliation statement for each redevelopment project for which the redevelopment agency receives tax revenues pursuant to section 33670. The reconciliation statement is to show, among other things, (i) for each loan, advance or indebtedness, for each redevelopment project the total debt service obligations of the redevelopment agency to be paid in the fiscal year for which the statement of indebtedness is filed; (ii) the total debt service remaining to be paid on such indebtedness, and (iii) the available revenues as of the end of that fiscal year. "Available revenues" consist of all Tax Increment Revenues held by the redevelopment agency as cash or cash equivalents and all cash or cash equivalents held by the redevelopment agency that are irrevocably pledged or restricted to payment of a loan, advance or indebtedness that the redevelopment agency has listed on a statement of indebtedness. For purposes of section 33675, amounts held in a redevelopment agency's Low and Moderate Income Housing Fund do not constitute available revenues, an amount to be deposited by a redevelopment agency in its Low and Moderate Income Housing Fund constitute indebtedness of the redevelopment agency.

Section 33675(g) has been amended by AB 1290 to provide that payments of Tax Increment Revenues from the county auditor to a redevelopment agency may not exceed the redevelopment agency's aggregate total outstanding debt service obligations minus the available revenues of the redevelopment agency, as shown on the reconciliation statement. Payments to a trustee under a bond resolution or indenture or payments to a public agency in connection with payments by such public agency pursuant to a bond issue shall not be disputed in any action under Section 33675.

The Agency has determined that the amendments to Section 33675 limiting the payment of tax revenues to an amount not greater than the difference between a redevelopment agency's total outstanding debt obligations and total available revenues, as reported on the redevelopment agency's reconciliation statement, will not have an adverse impact on the Agency's ability to meet its debt service obligations.

## ***THE CONSOLIDATED REDEVELOPMENT PROJECT***

### **REDEVELOPMENT PLAN**

Under the Redevelopment Law, every redevelopment agency is required to adopt, by ordinance, a redevelopment plan for each redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law rather than a "plan" in the customary sense of the word.

Since their adoption, the existing redevelopment plans have guided the Agency's redevelopment programs and have been effective in accomplishing the objectives of their respective plans. The Agency has rehabilitated commercial and residential areas, upgraded and expanded commercial and industrial areas that have resulted in increased revenue for City services, jobs for the community and have mitigated specific physical, social and economic blighting conditions in the City.

Despite the Agency's effectiveness with its redevelopment projects, blighting conditions continue to exist in the project areas. To expand its ability to address redevelopment needs in the existing project areas and to achieve improved administrative and financial flexibility, the Agency merged its redevelopment project areas. As part of the process, the limitation on the number of dollars allocated to the Agency in the existing CBD Project Area was increased to enable the use of those financial provisions throughout the merged project area.

The overall objective of the Redevelopment Plan is to eliminate blighted conditions in the Project Area by undertaking all appropriate projects pursuant to the Redevelopment Law. The general objective is to encourage investment in the Redevelopment Project by the private sector, to eliminate blighted conditions and to upgrade the quality of the community. The Redevelopment Plan provides for the acquisition of property, the demolition of buildings and improvements, the relocation of any displaced occupants, and the construction of streets, parking facilities, utilities and other public improvements. The Redevelopment Plan also allows the redevelopment of land by private enterprise, the rehabilitation of structures, the rehabilitation or construction of low and moderate-income housing, and participation by owners and the tenants of properties in the Redevelopment Project.

#### **REDEVELOPMENT PLAN LIMITS**

Redevelopment Law limits the period during which redevelopment activities can take place for plans adopted prior to January 1, 1994, to 40 years from the date of adoption or January 1, 2009, whichever is later, and limits the period within which a redevelopment project area may receive tax increment to fifty years following the adoption. If redevelopment plans with shorter time frames were adopted, legislative bodies were allowed to extend their limits to conform to these requirements through the adoption of an ordinance prior to December 31, 1999. For projects adopted subsequent to 1994, redevelopment activities can be undertaken for 30 years and tax increment received for 45 years. These shorter timeframes will apply to Project Area IV.

A redevelopment plan adopted prior to January 1, 1994 is required to include a limitation on tax increment dollars that may be allocated to the redevelopment agency; a time limit on the establishing of indebtedness to be repaid with tax increment; and a limit on the amount of bonded indebtedness to be repaid with tax increment that can be outstanding at one time. These limits can be extended only by an amendment of the redevelopment plan excluding the following exception. The legislative body, by adoption of an ordinance, can eliminate the time limit on the establishment of loans, advances, and indebtedness required with respect to a redevelopment plan adopted prior to January 1, 2002.

The City Council adopted a series of ordinances conforming the time limits of the certain individual project areas to the maximum allowed by law and also adopted an ordinance for CBD Project Area, Project Area II and Project Area III extending the date to incur debt 10 years. Commencing with the fiscal year following the fiscal year in which the extended limits would have otherwise become effective, the Agency is subject to statutory tax sharing requirements with all taxing entities that did not have a previous tax sharing agreement. The redevelopment plan for Consolidated Redevelopment Project amended the limit on bond debt for the individual project areas. In place of individual limits on bond debt, the Consolidated Redevelopment Project established a total limit of \$185,000,000 for all four projects areas.

## CONSOLIDATED REDEVELOPMENT PROJECT PLAN LIMITS

	<u>Plan Expiration</u>	<u>Last Date to Incur New Debt</u>	<u>Last Date to Repay Debt with Tax Increment</u>	<u>Tax Increment Limit</u>	<u>Limit on Total Tax Increment Bond Debt <sup>(1)</sup></u>
CBD Project Area & Amendments	2019, 2021	2014	2029, 2031	\$250,000,000	
Project Area II & Amendments	2024	2014	2034	\$150,000,000	
Project Area III & Amendments	2030	2020	2040	\$405,000,000	
Project Area IV	2032	2022	2047	None	
<b>Total Project</b>					<b>\$185,000,000</b>

(1) Limit Is On Consolidated Redevelopment Project And Not Individual Project Areas.

Source: GRC Associates Inc.

According to the records of the Orange County Auditor-Controller, through the end of fiscal year 2001-02, the agency has received a cumulative total of \$49,352,659 in tax increment revenue from the CBD Project Area and Amendments; \$21,743,978 in tax increment revenue from Project Area II; and, \$4,204,829 in tax increment revenue from Project Area III. The Agency has not yet received any tax increment from Project Area IV. The Agency will begin to receive tax increment for Project Area IV in the 2003-04 fiscal year. Based on the projected tax increment revenues to be received by the Agency, the tax increment limits for these portions of the Consolidated Redevelopment Project will not be exceeded prior to the final maturity of the Bonds.

### **OUTSTANDING INDEBTEDNESS OF THE CONSOLIDATED REDEVELOPMENT PROJECT**

The Central Business District currently has outstanding \$16,315,000 aggregate principal amount of its Tax Allocation Refunding Bonds, Series 1992A (the "1992A Bonds") and \$8,325,000 aggregate principal amount of its Subordinate Tax Allocation Refunding Bonds, Series 1992B (the "1992B Bonds"). The 1992A Bonds and the 1992B Bonds will be refunded with the proceeds of this issuance.

The Redevelopment Project Area II currently has outstanding \$6,905,000 aggregate principal amount of its Redevelopment Project Area II 2000 Tax Allocation Refunding Bonds (the "2000 Bonds"). Pursuant to amendment of the 2000 Bonds Indenture by the First Supplement, the 2000 Bonds are payable on a parity with the Bonds from Tax Revenues generated by the entire Consolidated Redevelopment Project.

### **ISSUANCE OF PARITY DEBT**

In addition to the Bonds and the 2000 Bonds, the Agency may, by Supplemental Indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds and the 2000 Bonds to finance or refinance the Redevelopment Project in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any such other Parity Debt subject to the following specific conditions all of which are made conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

- a) The Agency shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;
- b) The Tax Revenues estimated to be received for the then current fiscal year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation

- from an appropriate official of the County of Orange, shall be at least equal to 125% of Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt;
- c) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in an year in which principal is payable;
  - d) The Supplemental Indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts;
  - e) The aggregate amount of the principal of and interest on all Outstanding Bonds and Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Parity Debt; and
  - f) The Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in the Indenture have been satisfied and that an amount equal to the Reserve Requirement is on deposit in the Reserve Account as of the delivery of such Parity Debt.

### **ISSUANCE OF SUBORDINATE DEBT**

In addition to the Bonds, the Agency may incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

- a) The Agency shall be in compliance with all covenants set forth in the Indenture and all other Supplemental Indentures.
- b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limit, then all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Subordinate Debt.
- c) Except with respect to the Bonds, the Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in the Indenture and have been satisfied.

See "LIMITATIONS ON TAX REVENUES - Redevelopment Plan Limits" and "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" contained herein.

### **DESCRIPTION OF THE PROJECT AREA**

The Consolidated Redevelopment Project consists of four constituent project areas adopted over the last twenty-four years. The Central Business District Project Area (CBD Project Area) was originally adopted by the Buena Park City Council on November 19, 1979 by Ordinance No. 1069 and consisted of 190 acres. The CBD Project Area was subsequently amended by Ordinance Nos. 1115-1124 to add ten sub-areas totaling approximately 300 acres to the CBD Project on November 16, 1981. The City Council adopted a second project area, Project Area II, on October 1, 1984 by Ordinance No. 1163. Project Area II included an additional 265 acres including 26 non-contiguous areas locates throughout the City. Project Area II has been amended three times to add additional properties and to include the power of eminent domain through Ordinances Nos. 1204, 1243, and 1309. Project Area III was adopted on June 18, 1990 by Ordinance No. 1246, which added an additional 200 acres to the overall redevelopment planning effort of the City. Project Area III has since been amended by Ordinance No. 1309 in 1994. Project Area IV was adopted on May 7, 2002, by Ordinance No. 1421 and includes an additional 2,921

acres. Project IV is the largest project area, but since it was adopted in May 2002, the Agency has not yet received any tax increment from this project area.

The four project areas were subsequently merged by Ordinance No. 1422, adopted by the City Council on May 7, 2002. The project area formed by the merging of existing project areas is known as the Buena Park Consolidated Redevelopment Project (the "Consolidated Redevelopment Project"). The Consolidated Redevelopment Project now consists of a total of 3,940 acres and includes approximately 8,727 parcels. This includes 508 acres from within the CDB Project Area, 311 from Project Area II, 200 from Project Area III, and 2,921 from Project Area IV.

### **CBD Project Area**

The Central Business District Project Area (CBD) was adopted in 1979 and consisted of approximately 190 acres lying essentially between Stanton and Western Avenues to the east and west, and Artesia Boulevard and Tenth Street to the north and south. The area is bisected by the Santa Ana Freeway and the Southern Pacific railroad tracks. In 1981, the Agency amended the CBD project area by adding approximately 300 acres. Some of the acreage is contiguous with the existing area and some of the sites are separately located.

The Agency's first major project was the redevelopment of an 8.1 acre site that was a dilapidated commercial area in the heart of the Central Business District. The Agency assembled and acquired the property and then sold it to the developer, the Husky Company. The site was then improved with an 80,000 square foot commercial office development called Buena Park Commerce Plaza. To further assist this project, the Agency was also involved with the realignment of Commonwealth Avenue at Manchester Boulevard and Western Avenue.

One of the City's major revenue producing projects, the Buena Park Auto Center, is located in both the CBD project area and Project Area II. With the Agency's assistance, the Ken Grody Ford dealership expanded its three acre site into a six acre dealership. In the process, the Agency demolished an X-rated movie theater and other existing dilapidated structures. The Toyota dealership moved from its location outside the Auto Center on Orangethorpe Avenue into a new 3.8 acre site with a 27,500 square foot showroom in the heart of the Auto Center at the corner of Beach and Manchester Boulevard. Buena Park Nissan swapped its property for a parcel that is adjacent to the new Toyota of Buena Park dealership. Before moving to the new facility, Nissan added 16 service bays and upgraded the existing showroom.

With assistance from the Agency, Honda developed a new facility at the corner of Beach and Manchester Boulevard. On this project, the Agency acquired various dilapidated structures that housed a mixture of businesses, relocated the tenants and demolished the structures, and then conveyed the property to Honda for development.

Similarly, at the corner of Manchester Boulevard and Stanton Avenue the Agency acquired parcels from various owners, relocated the existing tenants, and demolished the dilapidated structures to allow for the development of a new Pontiac, Buick, GMC dealership.

Finally, on the site of what will become Buena Park's largest automobile dealer, over 13 acres of parcels were acquired by the Agency to accommodate a new Carmax pre-owned automobile dealership. The Agency is currently in the final stages of renegotiating the agreement with Carmax and construction of the dealership is expected to begin in the fall of 2003.

The Agency also completed several housing developments in the CBD project area. The Agency assisted in the redevelopment of a 70 acre vacant industrial parcel, transforming an underutilized area into a

planned community of almost 350 homes built around a 7 acre, man-made lake. The Lakeside development has provided for housing opportunities to all categories of homeowners, ranging from moderate-income families in \$200,000 townhomes, to upper middle-class buyers of \$600,000 lakeside homes.

The owners of a parcel located on La Palma Avenue across the street from the Buena Park Mall swapped their property with the owners of the Mall for a parcel that was located behind the existing Circuit City building. On their new parcel behind Circuit City, the developer created an infill-housing site that consisted of 53 market rate homes. The homes were rapidly sold at a price of \$350,000 to \$450,000. The owners of the Mall then developed the parcel that fronted on La Palma Avenue with the new Kohl's department store.

At the former Sullivan School site, the Agency facilitated the development of 70 single-family housing units and 15,600 square feet of retail commercial space. In addition, at the former Crescent Junior High School site, 150 single-family homes were constructed.

Other developments in the CBD project area that received Agency assistance include the Copper Barrel Motel and adjacent restaurant, the 184 room Hampton Inn Hotel, and the 132 room Traveler's Inn Hotel.

### **Project Area II**

Buena Park Redevelopment Project Area II was adopted in 1984 and consists of 265 acres, including 26 non-contiguous acres, located throughout the City. A major portion of Project Area II includes the Beach Boulevard E-Zone associated with the Knott's Berry Farm amusement park.

The E-Zone is approximately one mile in length, extending from the 91 Freeway to Knott's Berry Farm. It includes the Medieval Times, Wild Bill's dinner theaters, Movieland Wax Museum, Ripley's Believe It Or Not, and a variety of hotels, restaurants, and retail establishments.

With assistance from the Agency, a dilapidated restaurant and a former gas station site were acquired in the E-Zone. The existing improvements were demolished and a new Outback Steakhouse restaurant was developed.

As in the CBD project area, the Agency has assisted extensively with the expansion of the Buena Park Auto Center, part of which lies in Project Area II. The recent property swap with Buena Park Nissan (as discussed in the CBD Project Area) will allow House of Imports to demolish and reconstruct their entire dealership to create a state-of-the-art showroom, additional storage for new vehicles, and an increased and upgraded service facility. In a similar project, Shelly BMW has acquired additional parcels and will be abandoning a street adjacent to their property to make an expansion and complete reconstruction of its dealership possible. Both dealership expansion plans call for phasing the projects over the next three to four years.

Also in Project Area II, the Agency helped redevelop an existing, dilapidated shopping center at the corner of Lincoln Avenue and Valley View Street. New tenants include a Lucky Food Store, Sav-On Drugs, Hollywood Video, Boston Market, and a bagel shop. The existing Pic-N-Save (since renamed Big Lots) store was also remodeled in conjunction with construction of the new facility.

### **Project Area III**

Buena Park Redevelopment Project Area III was adopted in 1990 and contains 200 acres located in five sites throughout the City. The main areas are the Buena Park Mall, the southwest corner of Dale Street



and Malvern Avenue, the Gordon Square shopping center located on the southwest corner of Malvern Avenue and Beach Boulevard, and the former Lincoln Avenue drive-in theater.

One of the largest projects currently underway in the City is the redevelopment of the Buena Park Mall. The mall was originally built in the 50's and was remodeled on several occasions with mixed results. With the closing of the Fedco discount department store and the J.C. Penney store, much of the mall has been vacant. However, in conjunction with a major developer, over \$40 million in renovations to the facility are nearing completion. New tenants include Wal-Mart, a multi-screen Krikorian Theater, Ross Dress For Less, Burlington Coat Factory, Chili's, Pat and Oscar's, Bed Bath and Beyond, and Fresh Choice. Adjacent to the 91,000 square foot Krikorian Theater complex is 20,000 square feet of new retail and restaurant space that is being developed.

Across the street from the Buena Park Mall at the Buena Park Place (part of Buena Park Place is located in the CBD project area and part is located in Project Area III), a new Kohl's department store has opened. The new Kohl's store and the existing Circuit City will be complemented by new anchor space that is being developed. Proposed tenants for the new space will include Michael's, PetsMart, and Office Depot. Approximately 9,000 square feet of restaurant and retail space is also being created.

In two phases, the Agency assisted a developer in rehabilitating the Gordon Square shopping center. In the first phase, the existing tenant space was remodeled. The tenants included Super One Food Mart, PetsMart, Blockbuster Video, El Pollo Loco, and Kragen Auto Works. In the second phase, approximately 30,000 square feet of new retail space was added to the center. Tenants in the new portion include a TutorTime daycare and tutoring facility, and various restaurant and retail tenants.

On the site of an old drive-in movie theater at the corner of Lincoln Avenue and Holder Street, John Laing Homes developed 224 units without assistance from the Agency. Of these units, 114 were single-family homes, and 110 were detached condominiums.

Finally, on a former flood control catch basin at the corner of Malvern Avenue and Dale Street, the Agency partnered with Cal State University Fullerton to develop 86 single-family homes. The homes were developed for use as a recruiting incentive to prospective and current professors and staff of the University. Of these 86 units, 11 are affordable to families earning less than 80% of the Orange County Median Family Income (MFI) and the remainder are affordable to families earning less than 120% of MFI. The new development is part of the Buena Park Transit Village, which upon completion will include a MetroLink Station, 300 commuter parking spaces, and a proposed daycare center.

Proposition XIII. The following are components of the 2002-03 secured tax rate for property located in the Consolidated Redevelopment Project.

**2002-03 SECURED TAX RATES**

**(PER \$100 OF TAXABLE VALUATION)**

**Community Redevelopment Agency of the City of Buena Park  
Consolidated Redevelopment Project**

General Levy	1.0000%
Metropolitan Water District	<u>0.0067%</u>
Total	1.0067%

Source: GRC Associates Inc.

Tax rate areas are coterminous to the boundaries of the Project Area and tax rates do not vary among the various tax rate areas. The rate shown herein (1.0067%) is based on the actual 2002-03 tax rates for all tax rate areas in the Consolidated Redevelopment Project. Revenues associated with the override tax rates (the \$1.0067 per \$100 of taxable value) have been included in all projections. See "APPENDIX D - FISCAL CONSULTANT'S REPORT".

**PROJECTED TAXABLE VALUATION AND TAX REVENUES**

The following table shows the projected Tax Revenues for the Project Area through Fiscal Year 2023-2024.

Receipt of projected Tax Revenues in the amounts and at the time projected by the Agency depends on the realization of certain assumptions relating to the Tax Revenues. The projections of Tax Revenues shown on the following table are based on the assumptions shown below. Based upon the projected Tax Revenues, the Agency expects sufficient funds should be available to the Agency to pay principal of and interest on the Bonds. Although the Agency believes that the assumptions upon which the projected Tax Revenues are based are reasonable, the Agency provides no assurance that the projected Tax Revenues will be realized. To the extent that the assumptions are not actually realized, the Agency's ability to timely pay principal and interest on the Bonds may be adversely affected. The assumptions are as follows:

- (a) Real property consists of land and improvements which is increased 2% annually for inflation. Assessed value has been reduced by \$6,980,250 in 2002-03 to reflect potential appeals.
- (b) No growth is projected for personal property.
- (c) Increases in value caused by ownership changes are not included in projections.
- (d) Increases in value due to new development are not included in projections.
- (e) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters prior to 1988. The assumed future tax rates remain at \$1.0067 per \$100 of taxable value.
- (f) Orange County Administration fee is actual value for 2002-03 increased annually for inflation and has been incorporated into the projections.
- (g) The Housing Set Aside is calculated as 20% of Adjusted Gross Revenue. The amount is reduced slightly for Project Area II due to debt service payments.
- (h) The projections deduct for the Tax Sharing Agreements.
- (i) The projections include future unitary utility revenues based on the actual revenues for Fiscal Year 2002-03.

TABLE 3

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

Year	Taxable Value		Unitary Tax	Gross Tax Revenue	SB 2557 Charge	2002 ERAF	Adjusted Gross Revenues	Housing Set-Aside	Pass-Throughs Agreements	OPAs	Tax Revenues
	Total Taxable Value	Over Base									
2003-04	1,022,287	272,863	62	7,607	(71)	0	7,536	(1,478)	(470)	(300)	5,288
2004-05	1,041,033	749,424	62	7,796	(72)	0	7,723	(1,518)	(517)	(300)	5,388
2005-06	1,060,153	768,170	62	7,988	(74)	0	7,914	(1,558)	(566)	(300)	5,490
2006-07	1,079,656	787,290	62	8,184	(76)	0	8,109	(1,599)	(615)	0	5,895
2007-08	1,099,550	806,793	62	8,385	(78)	0	8,307	(1,641)	(665)	0	6,001
2008-09	1,119,841	826,687	62	8,589	(80)	0	8,509	(1,683)	(717)	0	6,109
2009-10	1,140,538	846,978	62	8,797	(82)	0	8,716	(1,727)	(769)	0	6,220
2010-11	1,161,648	867,675	62	9,010	(84)	0	8,926	(1,771)	(822)	0	6,333
2011-12	1,183,181	888,785	62	9,227	(86)	0	9,141	(1,816)	(879)	0	6,445
2012-13	1,205,145	910,318	62	9,448	(88)	0	9,360	(1,862)	(938)	0	6,560
2013-14	1,227,548	932,282	62	9,673	(90)	0	9,584	(1,909)	(997)	0	6,677
2014-15	1,250,399	954,685	62	9,903	(92)	0	9,811	(1,957)	(1,085)	0	6,769
2015-16	1,273,707	977,536	62	10,138	(94)	0	10,044	(2,006)	(1,174)	0	6,863
2016-17	1,297,482	1,024,619	62	10,377	(96)	0	10,281	(2,056)	(1,266)	0	6,959
2017-18	1,321,731	1,048,868	62	10,621	(99)	0	10,523	(2,107)	(1,359)	0	7,057
2018-19	1,346,466	1,073,603	62	10,870	(101)	0	10,770	(2,159)	(1,454)	0	7,156
2019-20	1,371,695	1,098,832	62	11,124	(103)	0	11,021	(2,212)	(1,552)	0	7,258
2020-21	1,397,429	1,124,566	62	11,383	(106)	0	11,278	(2,266)	(1,651)	0	7,361
2021-22	1,423,678	1,150,815	62	11,648	(108)	0	11,540	(2,321)	(1,754)	0	7,464
2022-23	1,450,452	1,177,589	62	11,917	(111)	0	11,807	(2,377)	(1,860)	0	7,570
2023-24	1,477,761	1,204,898	62	12,192	(113)	0	12,079	(2,435)	(1,967)	0	7,677
<b>Total</b>											<b>138,542</b>

Source: GRC Associates Inc.

## PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE

The following table shows projections of Tax Revenues, summarized from “APPENDIX D - FISCAL CONSULTANT’S REPORT”. Among other matters, the projections assume that assessed value will grow at the rate of 2% for 2003-04 and, thereafter, the 2% per year allowed by the state Constitution. There is no assurance that growth will occur at such rate; in the past, there have been periods during which that growth rate did not occur. See the Fiscal Consultant’s Report for a further description of the assumptions and limiting conditions relative to these projections and see “BONDOWNERS’ RISKS” herein.

**TABLE 4**  
**PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE**

Community Redevelopment Agency of the City of Buena Park  
Consolidated Redevelopment Project (000s omitted)

Year	Projected	2000	2003	Total Debt Service	Estimated Debt Service Coverage
	Tax Revenues	Tax Allocation Refunding Bonds	Tax Allocation Refunding Bonds		
2003-04	5,288	777	1,667	2,444	2.16
2004-05	5,388	777	1,671	2,448	2.20
2005-06	5,490	780	1,668	2,448	2.24
2006-07	5,895	781	1,668	2,449	2.41
2007-08	6,001	782	1,667	2,449	2.45
2008-09	6,109	785	1,669	2,454	2.49
2009-10	6,220	787	1,669	2,456	2.53
2010-11	6,333	786	1,668	2,454	2.58
2011-12	6,445	789	1,670	2,459	2.62
2012-13	6,560	788	1,669	2,457	2.67
2013-14	6,677	791	1,670	2,461	2.71
2014-15	6,769	0	1,669	1,669	4.06
2015-16	6,863	0	1,670	1,670	4.11
2016-17	6,959	0	1,667	1,667	4.17
2017-18	7,057	0	1,672	1,672	4.22
2018-19	7,156	0	1,669	1,669	4.29
2019-20	7,258	0	1,667	1,667	4.35
2020-21	7,361	0	1,668	1,668	4.41
2021-22	7,464	0	1,671	1,671	4.47
2022-23	7,570	0	1,670	1,670	4.53
2023-24	7,677	0	1,667	1,667	4.61

Source: GRC Associates Inc. & Fieldman, Rolapp & Associates

## ASSESSMENT APPEALS

The following tables summarize assessment appeals for the Original CBD Project Area, CBD 1981 Amendment Project Area, Project Area II and Project Area III:

**TABLE 5 (a)**

### PROPERTY TAX APPEALS

#### **Community Redevelopment Agency of the City of Buena Park - Original CBD Project Area**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	19	16	14	22	5	76
Appeals Resolved to date (2)	18	15	13	14	2	62
Appeals Resolved With Value Change (3)	6	1	4	1	0	12
Percent of resolved appeals successful	33.3%	6.7%	30.8%	7.1%	0.0%	19.4%
Initial Assessed Value of Successful Appeals	\$772,626	\$238,299	\$2,872,037	\$145,343		\$4,028,305
Board Approved Assessed Value	\$524,947	\$185,494	\$1,701,447	\$181,811		\$2,593,699
Percent Reduction in Original Value	32.06%	22.16%	40.76%	-25.09%		35.61%
Appeals pending	1	1	1	8	3	14
Value of Appeals Pending	\$256,414	\$230,777	\$241,517	\$1,834,637	\$2,256,763	\$4,820,108
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$332,244</b>

1 Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.

2 Resolved appeals include successful, withdrawn, and denied appeals.

3 Appeals resolved with value change includes only appeals with board approved valuation changes.

4 Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

Source: GRC Associates Inc.

See also "BONDOWNERS' RISKS - Property Tax Appeals" and discussion of "Assessment Appeals" in "APPENDIX D - FISCAL CONSULTANT'S REPORT".

**TABLE 5 (b)**

#### **Community Redevelopment Agency of the City of Buena Park - CBD 1981 Project Area**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	10	9	12	3	5	39
Appeals Resolved to date (2)	9	8	11	1	1	30
Appeals Resolved With Value Change (3)	4	2	4	0	0	10
Percent of resolved appeals successful	44.4%	25.0%	36.4%	0.0%	0.0%	33.3%
Initial Assessed Value of Successful Appeals	\$186,751	\$15,811,809	\$30,536,951			\$46,535,511
Board Approved Assessed Value	\$37,536	\$14,850,000	\$25,781,521			\$40,669,057
Percent Reduction in Original Value	79.90%	6.08%	15.57%			12.61%
Appeals pending	1	1	1	2	4	9
Value of Appeals Pending	\$217,113	\$196,564	\$171,432	\$73,974,895	\$44,211,062	\$118,771,066
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$4,990,920</b>

1 Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.

2 Resolved appeals include successful, withdrawn, and denied appeals.

3 Appeals resolved with value change includes only appeals with board approved valuation changes.

4 Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

Source: GRC Associates Inc.

See also "BONDOWNERS' RISKS - Property Tax Appeals" and discussion of "Assessment Appeals" in "APPENDIX D - FISCAL CONSULTANT'S REPORT".

**TABLE 5 (c)**  
**Community Redevelopment Agency of the City of Buena Park - Project Area II**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	14	24	20	20	9	87
Appeals Resolved to date (2)	10	20	16	13	1	60
Appeals Resolved With Value Change (3)	3	3	4	1	0	11
Percent of resolved appeals successful	30.0%	15.0%	25.0%	7.7%	0.0%	18.3%
Initial Assessed Value of Successful Appeals	\$2,032,554	\$5,193,801	\$20,439,939	\$1,634,901		\$29,301,195
Board Approved Assessed Value	\$2,696,209	\$3,785,853	\$16,039,309	\$1,395,404		\$23,916,775
Percent Reduction in Original Value	-32.65%	27.11%	21.53%	14.65%		18.38%
Appeals pending	4	4	4	7	8	27
Value of Appeals Pending	\$3,187,668	\$4,456,306	\$3,684,808	\$9,781,836	\$7,843,366	\$28,953,984
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$975,446</b>

1 Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.

2 Resolved appeals include successful, withdrawn, and denied appeals.

3 Appeals resolved with value change includes only appeals with board approved valuation changes.

4 Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

Source: GRC Associates Inc.

See also "BONDOWNERS' RISKS - Property Tax Appeals" and discussion of "Assessment Appeals" in "APPENDIX D - FISCAL CONSULTANT'S REPORT".

**TABLE 5 (d)**  
**Community Redevelopment Agency of the City of Buena Park - Project Area III**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	1	1	2	9	5	18
Appeals Resolved to date (2)	1	1	2	9	1	14
Appeals Resolved With Value Change (3)	0	0	1	1	0	2
Percent of resolved appeals successful	0.0%	0.0%	50.0%	11.1%	0.0%	14.3%
Initial Assessed Value of Successful Appeals			\$700,000	\$12,373,472		\$13,073,472
Board Approved Assessed Value			\$630,000	\$11,000,000		\$11,630,000
Percent Reduction in Original Value			10.00%	11.10%		11.04%
Appeals pending	0	0	0	0	4	4
Value of Appeals Pending					\$43,215,134	\$43,215,134
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$681,640</b>

1 Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.

2 Resolved appeals include successful, withdrawn, and denied appeals.

3 Appeals resolved with value change includes only appeals with board approved valuation changes.

4 Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

Source: GRC Associates Inc.

See also "BONDOWNERS' RISKS - Property Tax Appeals" and discussion of "Assessment Appeals" in "APPENDIX D - FISCAL CONSULTANT'S REPORT".

## DELINQUENCY RATE

The following is certain statistical information covering the delinquency rate historically experienced as to the Project Area and information concerning the delinquency rate historically experienced within the County of Orange. See also "BONDOWNERS' RISKS - Levy and Collection".

**TABLE 6**

**HISTORICAL DELINQUENCY RATE (PROPERTY TAX)**

**Community Redevelopment Agency of the City of Buena Park  
Consolidated Redevelopment Project**

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Apportioned</u>	<u>Collection</u>	<u>Prior Year Collections [1]</u>	<u>Total Apportioned</u>	<u>Total Collection</u>
1996-97	\$4,117,413	\$3,722,158	90.40%	\$312,142	\$4,034,300	97.98%
1997-98	4,102,455	3,873,032	94.41%	378,842	4,251,874	103.64%
1998-99	4,614,986	4,383,706	94.99%	375,196	4,758,902	103.12%
1999-00	5,567,441	5,506,023	98.90%	1,067,804	6,573,827	118.08%
2000-01	6,694,142	6,554,918	97.92%	546,805	7,101,723	106.09%
2001-02	7,429,816	7,113,749	95.75%	271,289	7,385,038	99.40%

[1] Prior year collections include supplemental revenue, reductions for taxpayer's refunds, and revenue from prior years  
Source: Orange County Auditor-Controller's Office

***BONDOWNERS' RISKS***

INVESTMENT IN THE BONDS INVOLVES ELEMENTS OF RISK. THE FOLLOWING SECTION DESCRIBES CERTAIN SPECIFIC RISK FACTORS AFFECTING THE PAYMENT AND SECURITY OF THE BONDS. THE FOLLOWING DISCUSSION OF RISKS IS NOT MEANT TO BE AN EXHAUSTIVE LIST OF THE RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS AND THE ORDER OF DISCUSSION OF SUCH RISKS DOES NOT NECESSARILY REFLECT THE RELATIVE IMPORTANCE OF THE VARIOUS RISKS. POTENTIAL INVESTORS ARE ADVISED TO CONSIDER THE FOLLOWING FACTORS ALONG WITH ALL OTHER INFORMATION IN THIS OFFICIAL STATEMENT IN EVALUATING THE BONDS. THERE CAN BE NO ASSURANCE THAT OTHER RISK FACTORS NOT DISCUSSED UNDER THIS CAPTION WILL NOT BECOME MATERIAL IN THE FUTURE.

**BONDS ARE LIMITED OBLIGATIONS AND NOT GENERAL OBLIGATIONS**

The Bonds and the interest thereon are limited obligations of the Agency and do not constitute a general obligation of the Agency. See "SECURITY FOR BONDS" herein. No Owner of the Bonds may compel exercise of the taxing power of the State of California or any of its political subdivisions or agencies to pay the principal of, premium, if any, or interest due on the Bonds. The Bonds do not evidence a debt of the Agency or the City within the meaning of any constitutional or statutory debt limitation provision.

**REDUCTION IN TAXABLE VALUE; REDEVELOPMENT PLAN LIMITS**

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in a project area caused by economic factors beyond the Agency's control, such as a relocation out of a project area by one or more major property owners, successful appeals by property owners for a reduction in property's assessed value, blanket reductions in assessed value due to general reductions in property values or the complete or partial destruction of such property caused by, among other eventualities, an earthquake or other natural disaster, could cause a reduction in Tax Revenues securing the Bonds. These risks and risks of delinquent payments may generally be exacerbated by the relatively high concentration of ownership in the Project Area. See "THE CONSOLIDATED REDEVELOPMENT PROJECT - Major Taxpayers". Such reduction of Tax

Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds.

In addition, limitations on the Agency's receipt and use of tax increment revenues may also affect the availability of Tax Revenues. See "LIMITATIONS ON TAX REVENUES - Housing Set-Aside" and "LIMITATIONS ON TAX REVENUES - Redevelopment Plan Limits".

### **REDUCTION IN INFLATIONARY RATE AND CHANGES IN LEGISLATION; FURTHER INITIATIVES**

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis.

Article XIII A of the California Constitution, which significantly affected the rate of property taxation, was adopted pursuant to California's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might alter the calculation of tax increment revenues, reduce the property tax rate, or broaden property tax exemptions. Future legislative reallocation of the 1% basic levy among the affected taxing entities could increase the taxes retained by certain taxing entities with a corresponding reduction in Tax Revenues. See "LIMITATIONS ON TAX REVENUES - Property Tax Limitations - Article III A".

### **DEVELOPMENT RISK**

Generally, the Agency's ability to pay debt service on the Bonds will be dependent upon the economic strength of the Project Area. The general economy of the Project Area will be subject, in part, to the development risks generally associated with real estate development projects. Projected development within the Project Area may be subject to unexpected delays, disruptions and changes. For example, real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market, fluctuations in interest rates, unexpected increases in development costs and by other factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be adversely affected, causing a reduction of the Tax Revenues available to pay debt service on the Bonds.

### **LEVY AND COLLECTION**

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to make debt service payments on the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments on the Bonds. The County currently allocates Tax Revenues to the Agency based upon the tax increment actually collected.

Projections of Tax Revenues by the Fiscal Consultant assume that the historical average percentage of appeals that will be successful (and, therefore, result in lower assessed values) will continue for the 2002-2003 fiscal year at the level experienced between the 1997-98 and 2002-03 fiscal year. There are currently a total of 54 appeals pending for the Consolidated Redevelopment Project, with a projected



value loss on outstanding appeals of \$6,980,250; see "APPENDIX D - FISCAL CONSULTANT'S REPORT." The number of assessment appeals and their effect upon assessed values may be greater or lesser than these assumptions would indicate.

Although the Board of Supervisors of the County adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, redevelopment project areas are not included in the County Teeter Plan. Consequently, the Agency may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in the Project Area.

#### **STATE BUDGET DEFICIT – EDUCATIONAL REVENUE AUGMENTATION FUND**

In connection with its approval of the budget for the 1992-93, 1993-94 and 1994-95 fiscal years, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund ("ERAF"). Faced with a projected \$23.6 billion budget gap for Fiscal Year 2002-03, the State Legislature adopted and sent to the Governor of the State as urgency legislation, AB 1768 requiring redevelopment agencies to pay into ERAF in Fiscal Year 2002-03 an aggregate amount of \$75 million. The amount that the Agency is required to pay into ERAF in Fiscal Year 2002-03 is \$261,756. The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF in future years and if so, the effect on future Tax Revenues. See "STATUTORY LIMITATIONS ON TAX REVENUES."

The State of California continues to experience severe financial and budgetary stress. The Governor estimates that the State General Fund aggregate deficit for the current Fiscal Year and for Fiscal Year 2003-04 will be over \$38 billion.

On January 10, 2003, the Governor released his proposed budget for Fiscal Year 2003-04 (the "January Budget Proposal") and on May 14, 2003, issued his revised budget for Fiscal Year 2003-04 (the "May Revise"). As part of the January Budget Proposal, the Governor proposed that the school district share of property tax revenue resulting from growth in assessed value in redevelopment project areas, which is currently retained by redevelopment agencies, be shifted to schools beginning at the level of \$250 million in 2003-04, and increasing to the full amount of diverted property taxes over time (the "School District Shift"). The May Revise did not alter the Governor's proposal for the School District Shift. The School District Shift would have a major effect on the ability of many redevelopment agencies to continue operating as they have in the past.

Neither the January Budget Proposal nor the May Revise describe the manner in which such shifts of tax increment revenues, if they become law, would be implemented, including their impact on pre-existing bonds and other debt of redevelopment agencies or other existing liens on tax increment revenues. Moreover, neither the January Budget Proposal nor the May Revise indicates whether any shifts in revenue would be limited or affected (such as by an offset of amounts required to be shifted) by pre-existing agreements between redevelopment agencies and school districts, community college districts and county superintendents of schools. Within the Project Area approximately 35% of the Agency's tax increment is derived from portions of the roll attributable to school district taxes levied within such Project Areas. Thus, the potential impact of future legislation, should it implement the School District Shift, is substantial and could be material to the Agency and its ability to finance existing and future obligations and conduct its redevelopment activities.

In addition, staff of the Senate Local Government Committee has prepared a draft bill that would require a tax increment revenue shift to schools in the amount of \$500 million in 2003-04 and would put a moratorium on the incurrence of new debt and the formation of new project areas from the date of adoption of the bill until June 30, 2004. However, this draft bill does not, as yet, have a sponsor and, even if introduced and adopted as law, the draft bill in its current form protects all debt incurred prior to its adoption.

The Agency cannot predict whether the State Legislature will enact legislation requiring shifts of tax increment revenues to the State and/or to schools, whether through an arrangement similar to ERAF or by any other arrangement, in future years and if so, the effect on future Tax Revenues and the Agency's ability to pay debt service on the Bonds. Given the level of the State of California's deficit as well as the January Budget Proposal and the May Revise, tax increment available for payment of the Bonds may be substantially reduced in the future.

### **ADDITIONAL FINANCING**

Following the issuance of the Bonds, the Agency may issue one or more additional series of parity bonds or subordinate bonds in an aggregate principal amount which (when added to the Bonds) do not exceed \$185,000,000 outstanding at any one time. See "THE FINANCING PLAN". Subject to compliance with the limitations of the Indenture, such obligations may be issued subordinate to the Bonds. See "SECURITY FOR THE BONDS – Issuance of Parity Debt" and "–Issuance of Subordinated Debt".

### **LOSS OF TAX EXEMPTION**

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Agency has covenanted in the Indenture to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. The interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds as a result of acts or omissions of the Agency in violation of covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to acceleration, redemption or any increase in interest rates and will remain Outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture. See "TAX MATTERS" herein.

### **SEISMIC RISK AND FLOOD RISK**

The City, like all California communities, may be subject to unpredictable seismic activity. There is no evidence that a ground surface rupture will occur in the event of an earthquake, but there is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the Project Area. As a result, the value of taxable land in the Project Area could be diminished in the aftermath of such an earthquake, through appeals, thereby reducing the amount of Tax Revenues. See "Property Tax Appeals" herein. The City is located in a high impact seismic zone. The nearest active fault is the Norwalk Fault located within the City. The City has adopted the Uniform Building Code and Uniform Building Code Standards adopted by the State of California. All new construction is required to comply with the highest earthquake resistance design standard presently in use in California.

The Project Area is subject to very minimal flood risk. The sites in the Project Area are located in a low risk flood zone, however there are properties in the 100 year floodplain.

## **PROPERTY TAX APPEALS**

There have been 220 assessment appeals filed by landowners within the Project Area for the period commencing with the 1997-98 fiscal year and continuing to the 2002-03 fiscal year (inclusive). Of the 220 appeals filed, 180 have been resolved to date, with 35 appeals resolved with a change in value. There are 54 appeals from this period currently pending. Based on the historical averages, the Fiscal Consultant has estimated in their projection of Tax Revenues that the successful number of currently pending appeals will result in assessed value reductions totaling \$6,980,250. See "THE CONSOLIDATED REDEVELOPMENT PROJECT – Assessment Appeals, Table 5" and "APPENDIX D - FISCAL CONSULTANT'S REPORT," which provides additional information and takes certain estimated reductions into consideration in projecting future tax increment revenues.

The number of assessment appeals and their effect upon assessed values may be greater or lesser than these assumptions would indicate. Any reduction of assessed valuations in the estimated or other amounts could result in a reduction of the Tax Revenues, which in turn could impair the ability of the Agency to make payments of principal of and/or interest on the Bonds when due.

## **ORANGE COUNTY UPDATE**

On November 2, 2001, the Orange County, California Superior Court issued a Minute Order in the case of County of Orange v. County of Orange County Assessment Appeals Board No. 3. The case involved the assessed value of a property that exceeded the prior year's assessed value by more than 2%. The increase of a property's assessed value by more than 2% is a common practice among California assessors when the prior year value of the property is less than the base year value of the property (the value assigned upon change of ownership or new construction) and the current year, market value of property is equal to or higher than the computed base year value for the current year. Such instances occur when the prior year value of the property was determined by a Proposition 8 appeal and the condition causing reduction (e.g., recession in the real estate market) has ceased to influence the value of property.

The court ruled that the California Constitution and the California Revenue and Taxation Code limit the year to year change in value of property to 2% except in situations described in law but not limited to the instances mentioned above. The court also found that the California Constitution does not authorize a temporary decline in the base value of property that can be restored at a rate higher than 2%. In December 2002, the Orange County Superior Court defined as a litigation class all of the people in Orange County subject to recapture and the class has been certified for a challenge to the Orange County Assessor's practice. The Orange County Superior Court has entered its final judgment in the action. The Orange County Assessor has stated that it will appeal the Orange County decision.

The Agency is unable to predict the effect on Tax Revenues if the ruling described above is ultimately determined to have applicability to property within the Project Areas. See "THE PROJECT AREAS – Appeals of Assessed Values".

## **BANKRUPTCY AND FORECLOSURE**

On July 30, 1992 the United States court of Appeals for the Ninth Circuit issued an opinion in a bankruptcy case entitled *In re Glasply Marine Industries* holding that ad valorem property taxes levied by a county in the State of Washington after the date that the property owner filed a petition for bankruptcy would not be entitled to priority over the claims of a secured creditor with a prior lien on the property. Similar results were reached by several circuit courts in other circuits. Subsequently, however, section 362(b)(18) of the Bankruptcy Code was enacted, effectively overturning this line of decisions and

providing that local governments may rely on statutory property tax liens to secure payment of property taxes after the filing of a bankruptcy petition.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the Trustee and the registered owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

## **FINANCIAL INFORMATION**

Included in this Official Statement, as APPENDIX B, are the audited financial statements of the Agency for the Fiscal Year ended June 30, 2002.

The Agency has incurred no bonded indebtedness secured by Tax Revenues as defined herein, other than the 2000 Bonds and the Bonds.

## **TAX SHARING AGREEMENTS**

Pursuant to former Section 33401(b) of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing agency, and, therefore, are commonly referred to as "pass-through" agreements or "tax sharing" agreements.

The following paragraphs describe the pass through agreements the Agency has entered into with respect to each project area.

### **CBD Project Area and CBD 1981 Amendment Project Area**

The Agency does not currently have any tax sharing obligations for the CBD Project Area and CBD 1981 Amendment Area. However, when the City Council extended the time limit for incurring debt by City Council Ordinance No. 1418, this action initiated statutory pass-throughs to all affected tax agencies in accordance with State Assembly Bill 1290. These statutory pass-throughs will begin in the year 2005 and equal 20% of the tax increment growth resulting from an increase of assessed value above a 2004 base year. An additional pass through will begin in the year 2015 at a rate of 16.67% of the tax increment growth above a base year of 2014.

### **Project Area II**

County of Orange General Fund and Flood Control District. Pursuant to its agreement with Orange County, including the General Fund and Flood Control, the Agency is to pay the County 100 percent of its share of Tax Increment derived from the annual 2% (or less) inflation adjustment, 50 percent of the General Fund share in excess of the inflation revenue, and 80 percent of the Flood Control share in excess of the inflation revenue. These payments are not subordinated to bond indebtedness.

Orange County Water District. In each year, commencing with fiscal year 1985-86, the Agency will pay to the Water District a sum equal to 50% of the Water District portion (.7%) of the tax increment revenues. These payments are not subordinated to bond indebtedness.

Buena Park Library District. The Library District is to receive 100 percent of its share of Tax Increment derived from the annual inflation adjustment, and 80 percent of tax increment in excess of the inflation revenue. This obligation is subordinate to bond indebtedness.

Anaheim Union High School District. For each fiscal year, the Agency pays the District 12 percent of the portion of tax increment (15.4%) over the portion of the Project Area attributed to the District (20%). These payments are not subordinated to bond indebtedness.

Fullerton Union High School District. The Agency pays the District 12% of the districts share of tax increment derived from the portion of the project (80%) that is attributed to the District. These payments are not subordinated to bond indebtedness.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 25 percent of the Board's share of tax increment (3.57%) from Project Area II. These payments are not subordinated to bond indebtedness.

Statutory Pass-Throughs. When the Agency extended the time frame to incur debt under the redevelopment plan by City Council Ordinance No. 1418, this initiated statutory pass-throughs to all affected tax agencies that do not currently have tax sharing agreements in accordance with State Assembly Bill 1290. The general levy share of all agencies that do not currently possess tax-sharing agreements is 64.93% of every \$1.00 of property tax generated. These statutory pass-throughs to affected agencies will begin in the year 2005 at a rate of 20% of the tax increment growth with a base year of 2004. An additional pass-through will begin in the year 2015 at a rate of 16.67% of the tax increment growth with a base year of 2014.

### **Project Area III**

County of Orange General Fund and Harbors Beaches, and Parks. Pursuant to its agreement with Orange County General Fund and Harbors Beaches and Parks, the Agency is to pay 55 percent of their combined share (7.07%) share of general levy tax increment. These payments are not subordinated to bond indebtedness.

Orange County Flood Control. The Orange County Flood Control District receives 100% of its share (1.82%) of general levy tax increment. These payments are not subordinated to bond indebtedness.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 100 percent of its share (3.40%) of Tax Increment derived from the annual inflation adjustment, and 40 percent of tax increment in excess of the inflation revenue. This obligation is not subordinate to bond indebtedness.

Orange County Vector Control. Pursuant to its agreement with the Orange County Vector Control department, the Agency pays the department annually its share (0.10%) of general levy tax increment. This obligation is not subordinate to bond indebtedness.

Orange County Water District. The Water District receives its 50 percent of its share (0.74%) of the general levy tax increment. These payments are not subordinated to bond indebtedness.

North Orange County Community College District. The Community College District receives 100 percent of its share (6.41%) of Tax Increment derived from the annual inflation adjustment, and 40 percent of tax increment in excess of the inflation revenue. This obligation is not subordinate to bond indebtedness.

Anaheim Union High School District. For each fiscal year, the Agency pays the District 50 percent of its stipulated share of tax increment (14.4%) over the entirety of the Project Area. These payments are not subordinated to bond indebtedness.

Fullerton Union High School District. The Agency pays the District 25% of the districts share (20.6%) of tax increment derived from the portion of the project that is attributed to the District. The District's weighted average share of the entire project is 3.57 percent. These payments are not subordinated to bond indebtedness.

Buena Park School District. The District receives 50 percent of its share (23.1%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 50% of its weighted average share (4.01%) of tax increment from the entire project area net of the inflationary amount. This obligation is not subordinate to bond indebtedness.

Centralia School District. The District receives 100 percent of its share (33.0%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 23.56 percent of its weighted average share (28.09%) of tax increment from the entire project area net of the inflationary amount. This obligation is not subordinate to bond indebtedness.

Buena Park Library District. The Library District receives 80 percent of its share (2.79%) of general levy tax increment. This obligation is not subordinate to bond indebtedness.

Statutory Pass-Throughs. When the Agency extended the time frame to incur debt under the redevelopment plan by City Council Ordinance No. 1418, this initiated statutory pass-throughs to all affected tax agencies that do not currently have tax sharing agreements in accordance with State Assembly Bill 1290. The general levy share of all agencies that do not currently possess tax-sharing agreements is 64.93% of every \$1.00 of property tax generated. These statutory pass-throughs to affected agencies will begin in the year 2011 at a rate of 20% of the tax increment growth with a base year of 2010. An additional pass-through will begin in the year 2021 at a rate of 16.67% of the tax increment growth with a base year of 2020.

## **TAX SHARING STATUTES**

Pursuant to former Section 33401 of the Redevelopment Law, a redevelopment agency was permitted to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project area in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provided for a pass-through of tax increment revenue directly to the affected taxing agency. The Existing Tax Sharing Agreements described above were entered into under this provision of the Redevelopment Law.

So long as any Bonds are Outstanding, the Agency shall not amend any Existing Tax Sharing Agreement with any other taxing agency, unless the Agency's obligations under such agreements are made expressly subordinate and junior to the Agency's obligations under the Indenture and the Bonds.

Chapter 942, Statutes of 1993, established the following additional limits on redevelopment plans adopted prior to 1994: (1) the time limit for establishing indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever is later; (2) the life of the existing redevelopment plans shall not exceed 40 years from the date of adoption or January 1, 2009, whichever is later; and, (3) a redevelopment agency shall not pay indebtedness with tax increment beyond 10 years after its redevelopment plan expires except to fund deferred housing set aside requirements of the Law an to repay indebtedness incurred prior to January 1, 1994.

For pre-1994 redevelopment plans with limits longer than those described above, Chapter 942 permitted redevelopment agencies to amend their redevelopment plans to conform with Chapter 942 through an expedited procedure. Later legislation, Chapter 635, Statutes of 1998, allows redevelopment agencies with redevelopment plan limits shorter than those prescribed by Chapter 942 to extend their limits to conform with Chapter 942 through an expedited ordinance adopted prior to December 31, 1999. The Agency adopted Ordinance No. 1418 under Chapter 942 to increase the life of the Project five years (until October 1, 2024) even though such extensions were not expressly permitted until Chapter 635. It is unclear whether the statutory tax-sharing provisions of Chapter 942 are triggered by an extension of the time to receive tax increment under either Chapter 942 or Chapter 635.

The Agency has entered into the Tax Sharing Agreements with certain of the taxing agencies in the Project Area. Payments to such taxing agencies will be based upon the terms of the Tax Sharing Agreements. With respect to those taxing agencies in the Project Area that have not entered into a Tax Sharing Agreement, payments would be required to be made pursuant to Section 33607.7(b)(2). These payments will commence in Fiscal Year 2004-05 and will not adversely impact the availability of sufficient Tax Revenues to pay debt service on the Bonds and the 2000 Bonds. (See Table 2 in "APPENDIX D - FISCAL CONSULTANT'S REPORT").

## **INVESTMENT OF FUNDS**

All money held by the Trustee in any of the accounts or funds established pursuant to the Indenture will be invested in Permitted Investments at the Written Request of the Agency.

## ***LIMITATIONS ON TAX REVENUES***

### **PROPERTY TAX LIMITATIONS - ARTICLE XIII A**

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. See "APPENDIX D - FISCAL CONSULTANT'S REPORT".

Article XIII A further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in August 1986 by initiative that exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation. On December 22, 1978, the

California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*).

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amends Article XIII A to provide that the terms “purchased” and “change of ownership,” for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in certain other minor or technical ways. See “BONDOWNERS’ RISKS - Reduction in Taxable Value; Redevelopment Plan Limits” herein.

#### **CHALLENGES TO ARTICLE XIII A**

California trial and appellate courts have upheld the constitutionality of Article XIII A’s assessment rules in three significant cases. The United States Supreme Court in an appeal to one of these cases upheld the constitutionality of Article XIII A’s tax assessment system. The Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Agency’s receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

#### **IMPLEMENTING LEGISLATION**

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A, \$4.00 per \$100 assessed valuation (based on the traditional practice in California of using 25% of full cash value as the assessed value for tax purposes).

The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State monies beginning in fiscal year 1978/79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief. Chapter 282 does not affect the derivation of the base levy (\$1.00 per \$100 taxable valuation) and the bonded debt tax rate.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the



tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

### **PROPOSITION 87**

Under prior State law, if a taxing entity increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by the voters of the State on November 8, 1988, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, redevelopment agencies no longer receive an increase in tax increment when taxes on property in the project area are increased to repay voter approved general obligation debt.

### **PROPERTY TAX COLLECTION PROCEDURES**

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

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

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes that are delinquent.

Current tax payment practices by the County provide for payment to the Agency of Tax Revenues monthly throughout the fiscal year, with the majority of Tax Revenues paid to the Agency in mid-December and mid-April. A final reconciliation is made after the close of the fiscal year to incorporate all adjustments to previously reported current year taxable values. The difference between the final reconciliation and Tax Revenues previously allocated to the Agency is allocated in late July.

*Penalties.* A 10% penalty is added to delinquent taxes that have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

**Delinquencies.** The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent on the succeeding March 31.

**Supplemental Assessments.** A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date (March 1 was used as the lien date as of the enactment of Chapter 498; however, as discussed below, the lien date was changed by legislation enacted in 1995) following the change and thus delayed the realization of increased property taxes from the new assessments for up to 14 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase. The receipt of Supplemental Tax Revenues by taxing entities typically follow the change of ownership by a year or more. During the 2001-02 fiscal year the Agency received \$271,289 of tax revenue derived from Supplemental Assessments for previous fiscal years within the Project Area. The Fiscal Consultant has not included revenues resulting from Supplemental Assessments in their projections.

As a result of legislation enacted in 1995 (SB 327 and SB 722, chaptered as Chapter 499 to 497, respectively), commencing as of January 1, 1997, the lien date for locally assessed property tax has been changed from March 1 to January 1; the initial change was implemented by the use of January 1, 1997 in place of March 1, 1997 as the lien date. The first day of January for each succeeding year shall be the lien date.

## **TAX COLLECTION FEES**

Counties are permitted by State law to recover charges for property tax administration in an amount equal to their property tax administration costs. For the fiscal year 2001-02, the amount of County Collection charges attributed to the Consolidated Redevelopment Project is \$69,026. For subsequent fiscal years the Fiscal Consultant assumed the County would charge 0.928% of the gross revenues. See Table 1 in "APPENDIX D - FISCAL CONSULTANT'S REPORT".

## **UNITARY TAXATION OF UTILITY PROPERTY**

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by certain railroad and utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate,

each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

Orange County has implemented Chapter 921 by reducing the base year value of redevelopment projects by the value of unitary property they contain and by computing a project's allocation of revenues from County-wide unitary property on the incremental value of unitary property in the project in the 1987/88 fiscal year.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. The County Auditor-Controller remitted \$62,486 in unitary revenue to the Agency for the Project Area during the 2002-03 fiscal year. The Fiscal Consultant has assumed that the utility tax revenue will continue to be allocated in similar amounts for the life of the Consolidated Redevelopment Project.

#### **APPROPRIATIONS LIMITATIONS: ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

The California Legislature has added Section 33678 to the Redevelopment Law which provides that the allocation of tax revenues to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State of California, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, *Brown v. Community Redevelopment Agency of the City of Santa Ana* and *Bell Community Redevelopment Agency v. Woosley*. The plaintiff in *Brown* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. On the basis of these court decisions, the Agency does not believe it is subject to Article XIII B and has not adopted an appropriations limit.

#### **FUTURE INITIATIVES**

Article XIII A, Article XIII B and Proposition 62 were each adopted as measures that qualified for the ballot pursuant to California initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

## TAX ALLOCATION PROCEDURES OF THE COUNTY OF ORANGE

### *Tax Increment Revenue*

The County determines the amount of property tax revenue to be levied in the Project Area for a given tax year in October and identifies the respective amounts due the Agency and the taxing entities represented in the base year at the time.

In Orange County, taxes are disbursed to a redevelopment agency based upon actual collections. Both secured and unsecured tax revenues are disbursed beginning in September and paid monthly except for the months of December and April. For these two months, two allocations are made. Secured and unsecured reconciliation are made in July of the following fiscal year. At that time, adjustments to taxes and revenues attributable to changes in parcel value since the establishment of the prior roll will be made.

### *Tax Increment Revenue Receipts*

Tax Revenues received by the Agency for the Project Area in each fiscal year for 1999-00 through 2001-02 and the effect of the collection charge imposed by the County (see "County Collection Charge" below) as due for the Project Area in August of each fiscal year are shown below.

**TABLE 8**

**TAX INCREMENT REVENUE ADJUSTMENTS AND DISBURSEMENTS**  
**Community Redevelopment Agency of the City of Buena Park**  
**Consolidated Redevelopment Project**

<b>Tax Increment Revenue</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>Projected 2002-03</b>
Secured	4,634,428	5,573,892	6,073,923	6,532,533
Unsecured	784,906	891,354	936,032	928,056
Homeowners	22,485	32,226	38,706	40,044
<b>Subtotal</b>	<b>5,441,818</b>	<b>6,497,472</b>	<b>7,048,661</b>	<b>7,500,633</b>
<b>Additional Revenue/ Adjustments</b>				
Supplemental Roll	534,567	514,371	216,698	(1)
Interest Earnings	32,695	42,998	23,386	(1)
Prior Year Collections	555,666	51,637	100,224	(1)
Unitary Utility Revenue	64206	57,443	65,084	62,486
County Collections Charge	-55131	-62,208	-69,026	(70,186)
<b>Subtotal</b>	<b>1,132,003</b>	<b>604,241</b>	<b>336,366</b>	<b>(7,700)</b>
<b>Total Tax Increment Revenue Received</b>	<b>6,573,822</b>	<b>7,101,713</b>	<b>7,385,027</b>	<b>7,492,933</b>

(1) Data not currently available

Source: GRC Associates Inc.

It should be noted that any variation between receipts and computed tax revenues is not entirely attributable to delinquent unpaid taxes and/or impounded revenues. In addition, adjustments to property assessments are made by the County Assessor throughout the fiscal year, or as a result of potential tax refunds. The Tax Revenue projections shown in Table 2 of "APPENDIX D - FISCAL CONSULTANT'S REPORT" are not adjusted to reflect these types of variances.

### *County Collection Charge*

The County retains a collection charge from tax increment revenues disbursed to the Agency in order to recover charges for property tax administration in an amount equal to their 1989-90 property tax

administration costs, adjusted annually. For FY 2001-02 the County invoiced the Agency a total of \$69,026.

### ***Base Year Valuation Adjustments.***

The Redevelopment Law provides that the base assessment roll utilized for the allocation of tax revenues may be reduced by the taxable value, as shown on the base roll, of those properties acquired for public use of tax exempt public entities. The precedent for this action stems from the 1963 case of *Redevelopment Agency of the City of Sacramento vs. Malaki*, 216 Cal. App. 2d 480, and subsequent, related cases. The County of Orange automatically performs a base year roll adjustment on an annual basis to reflect property acquisitions, if any, by public entities within redevelopment project areas. While not typically employed by counties in California, this procedure precludes the necessity of requesting such adjustments, and ensures that such adjustments will be made in a timely manner. However, this procedure can also result in base year values that fluctuate from year to year. In the period analyzed, 1996-97 through 2002-03, the base year value of the Project Area has been minimally adjusted each year. See Table 3 in "APPENDIX D - FISCAL CONSULTANT'S REPORT".

The estimate of Tax Revenues as shown in "APPENDIX D - FISCAL CONSULTANT'S REPORT" in Table 1, incorporates the Fiscal Year 2002-03 base year value as reported by the County. Future estimates are based on the assumption that the base year value for the Project Area remains at the level reported by the County for the 2002-03 Fiscal Year.

### ***TAX MATTERS***

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel express no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

## ***FINANCIAL ADVISOR***

Fieldman, Rolapp & Associates (“FRA”) has acted as financial advisor to the Agency concerning the Bonds. As financial advisor, FRA will receive compensation contingent upon the sale and delivery of the Bonds.

## ***FISCAL CONSULTANT***

The Agency has retained the firm of GRC Associates Inc. to act as fiscal consultant (the “Fiscal Consultant”) for the Agency on the Consolidated Redevelopment Project. The full text of the Fiscal Consultant’s Report is attached hereto as APPENDIX D.

## ***UNDERWRITING***

Citigroup Global Markets Inc. (the “Purchaser”) purchased the Bonds pursuant to competitive sale of the Bonds held on June 17, 2003, and as the lowest responsible bidder, has agreed with the Agency to purchase the Bonds for a purchase price of \$23,814,450.00. The Purchaser intends to offer the Bonds to the public initially at the reoffering prices or yields set forth on the cover page of this Official Statement. Such prices may subsequently change without any requirement of prior notice.

The Purchaser reserves the right to join with dealers and other purchasers in offering the Bonds to the public. The Purchaser may offer and sell Bonds to certain dealers (including dealers depositing into investment trusts) at prices lower than the public offering price, and such dealers may re-allow any such discount on sales to other dealers.

In reoffering the Bonds to the public, the Purchaser may overallocate or effect transactions that stabilize or maintain the market price for the Bonds at levels above those that might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

## ***CONTINUING DISCLOSURE***

The Agency will covenant in a Continuing Disclosure Certificate to provide certain financial information and operating data relating to the Agency (the “Annual Report”) by not later than December 31 of each year, commencing December 31, 2003 for the report for the 2002-03 Fiscal Year, or if the fiscal year changes from June 30, not later than 180 days after the end of the Agency’s Fiscal Year (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed with each Nationally Recognized Municipal Securities Information Repository and with any then existing State Repository (collectively, the “Repositories”). Currently, there is no State Repository. The notices of material events will be filed with the Repositories. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in “APPENDIX F - FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. These covenants will be made in order to assist the initial purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The Agency has not failed to file any continuing disclosure certificate or notice of material events in connection with any bonds issued by the Agency prior to the sale and delivery of the Bonds.

## ***RATINGS***

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned ratings of "Aaa" and "AAA" respectively, to the Bonds with the understanding that upon delivery of the Bonds a policy insuring payment of principal and interest will be issued by the Insurer. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings may be obtained from Moody's and S&P, respectively. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

## ***NO LITIGATION***

There is no litigation pending or, to the Agency's knowledge, threatened to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture, or any proceedings of the Agency with respect thereto. In the opinion of the Agency and its counsel, there are no lawsuits or claims pending against the Agency which will materially affect the Agency's finances as to impair the ability to pay principal of an interest on the Bonds when due.

## ***VERIFICATION OF MATHEMATICAL COMPUTATIONS***

Execution and delivery of the Bonds will be subject to the delivery by Grant Thornton LLP, Minneapolis, Minnesota, of a report of the mathematical accuracy of certain computations, contained in schedules provided to them by the Financial Advisor, relating to (a) the adequacy of the maturing principal amounts of the United States government obligations held under the Escrow Agreements, interest earned thereon and certain other un-invested cash to pay principal of and interest with respect to the 1992A Bonds and the 1992B Bonds, and (b) the computations of actuarial yields relied upon by Bond Counsel to support its conclusion that Bonds are not arbitrage bonds within the meaning of Section 148 of the Code.

## ***LEGAL MATTERS***

The legality of the issuance of the Bonds is subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. A copy of its opinion will be substantially in the form set forth in APPENDIX E herein. Certain legal matters will be passed upon for the Agency by its Counsel. Fees payable to Bond Counsel are contingent upon successful sale and delivery of the Bonds.

**MISCELLANEOUS**

All of the preceding summaries of the Indenture, the Redevelopment Law, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly state, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by its Executive Director has been duly authorized the Agency.

COMMUNITY REDEVELOPMENT AGENCY OF  
THE CITY OF BUENA PARK

By: \_\_\_\_\_

Executive Director



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**APPENDIX A**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust, dated as of February 1, 2000, as amended and supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003, both by and between the Agency and Union Bank of California, N.A., as trustee (as amended and supplemented, the "Indenture"). Such summary is not intended to be definitive, and reference is made to the complete document for the complete terms thereof.

#### Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary.

**"Bonds"** means the Community Redevelopment Agency of the City of Buena Park, Consolidated Redevelopment Project, 2003 Tax Allocation Refunding Bonds, authorized by and at any time Outstanding pursuant to the Indenture, and, if the context requires, the 2000 Bonds and any additional Parity Debt.

**"Bond Year"** means any twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive.

**"Business Day"** means a day of the year, other than Saturday or Sunday, on which banks in Los Angeles, California, are not required or permitted to be closed and on which The New York Stock Exchange is not closed.

**"Closing Date"** means the date on which the Bonds are delivered by the Agency to the original purchaser thereof.

**"Continuing Disclosure Certificate"** means that certain Continuing Disclosure Certificate executed by the Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**"Costs of Issuance"** means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of all of the Prior Bonds, including but not limited to operating expenses, rating agency fees, municipal bond insurance premiums, filing and recording fees, initial fees and charges payable under the Refunding Escrow Agreements, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professional fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the issuance of the Bonds.

**"Costs of Issuance Account"** means the account by that name established and held by the Trustee pursuant to the Indenture.

**"County"** means the County of Orange, a county duly organized and existing under the laws of the State.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds, the 2000 Bonds and on any additional Parity Debt during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Defeasance Obligations” means:

- (a) cash;
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series);
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (e) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody’s rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(f) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed Title XI financings of the U.S. Maritime Administration; (vii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Federal Securities” means any noncallable, direct general obligations of the United States of America, the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Agency, and who, or each of whom:

- (a) is in fact independent and not under domination of the Agency;
- (b) does not have any substantial interest, direct or indirect, with the Agency; and
- (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

- (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;
- (b) is in fact independent and not under domination of the Agency;
- (c) does not have any substantial interest, direct or indirect, with the Agency; and
- (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 65 Broadway, 16th Floor, New York, New York 10006; Moody’s Investors Service “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor’s Corporation “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Agency may designate in a written request of the Agency filed with the Trustee.

“Insurance Policy” means the Financial Guaranty Insurance Policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

“Insurer” means MBIA Insurance Corporation, including its successors, as issuer of the Insurance Policy.

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means March 1 and September 1, commencing with respect to the Bonds, March 1, 2004, and in each year thereafter so long as any of the Bonds remain Outstanding.

“Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that Outstanding Serial Bonds are retired as scheduled and that any Outstanding Term Bonds are redeemed from mandatory sinking fund payments as scheduled, (b) the principal amount of Outstanding Bonds and any Parity Debt payable by their terms in such Bond Year, and (c) the principal amount of any Outstanding Term Bonds scheduled to be redeemed from mandatory sinking fund payments in such Bond Year. If any proceeds of outstanding Parity Debt shall be on deposit in an escrow fund from which amounts may not be released to the Agency unless the amount of Tax Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the County), at least equals 125% of the amount of Maximum Annual Debt Service which would result if the amount on deposit in such escrow fund were to be released to the Agency from such escrow fund in accordance with the terms of the related supplemental indenture, then for purposes of calculating Maximum Annual Debt Service, the annual Debt Service on such Parity Debt shall be determined as if the amounts then on deposit in the escrow fund were withdrawn therefrom and applied to pay or redeem such Parity Debt in accordance with the terms of the related supplemental indenture.

“Moody’s” means Moody’s Investors Service, Inc., its successor and assigns.

“1992A Bonds” means the Community Redevelopment Agency of the City of Buena Park, Central Business District Redevelopment Project Tax Allocation Refunding Bonds, Series 1992A.

“1992B Bonds” means the Community Redevelopment Agency of the City of Buena Park, Central Business District Redevelopment Project Subordinate Tax Allocation Refunding Bonds, Series 1992B.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the defeasance provisions of the Indenture) all Bonds except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of defeasance provisions of the Indenture; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

“Owner” means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Debt” means the 2000 Bonds any additional loans, advances, or indebtedness issued or incurred by the Agency on a parity with the Bonds and the 2000 Bonds pursuant to the Indenture.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

**“Permitted Investments”** means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated system wide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G”, “AAAm”, or “AAAm”;

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, which, (i) so long as any Bond insured by the Insurer is Outstanding, at the time of execution are acceptable to the Insurer, and, thereafter (ii) are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody's or S&P;

(h) commercial paper rated, at the time of purchase, “Prime-1” by Moody's and “A-1” or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(k) repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria (unless otherwise approved by the Indenture):

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation and which are rated "A" or better by Moody's and S&P, or (B) a bank rated "A" or better by Moody's and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral; (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds;

(l) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided, however, pre-refunded municipal bonds rated by S&P only (i.e., no Moody's rating) are acceptable if such pre-refunded municipal bonds were pre-refunded with cash, direct U.S. or U.S. guaranteed obligations or AAA rated pre-refunded municipal bonds;

(m) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name; and



(n) any other investments permitted in writing by the Insurer.

“Plan Limit” means the limitation contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Law.

“Prior Bonds” means, together, the 1992A Bonds and the 1992B Bonds.

“Qualified Reserve Account Credit Instrument” means any irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in one of the two highest rating categories by S&P and Moody’s; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) written notice of the posting of such Qualified Reserve Account Credit Instrument is given to S&P and Moody’s.

“Record Date” means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day .

“Redemption Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Redevelopment Fund” means the fund by that name established and held by the Agency pursuant to the Indenture.

“Redevelopment Plan” means the Merged and Amended Redevelopment Plan for the Buena Park Consolidated Redevelopment Project approved by Ordinance No. 1422, adopted by the City Council of the City on May 7, 2002, merging the following four (4) constituent project areas: (i) the Central Business District Project Area approved by Ordinance No. 1069, adopted by the City Council of the City on November 19, 1979. (ii) Project Area No. II approved by Ordinance No. 1163, adopted by the City Council of the City on October 1, 1984, (iii) Project Area No. III approved by Ordinance No. 1246, adopted by the City Council of the City on June 18, 1990, and (iv) Buena Park Redevelopment Project Area No. IV approved by Ordinance No. 1421, adopted by the City Council of the City on May 7, 2002, together with any amendments of any of the foregoing Ordinances heretofore or hereafter duly enacted pursuant to the Law.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Requirement” means the lesser of (i) ten percent (10%) of the original principal amount of, less underwriter's discount and original issue discount (if any) on, the Bonds and any Parity Debt or, (ii) Maximum Annual Debt Service. If at the time of calculation of the Reserve Requirement there shall

be two (2) or more reserve accounts established with respect to the Bonds and any Parity Debt, then the amounts on deposit in such reserve accounts shall be aggregated for purposes of calculating compliance with the Reserve Requirement.

“S&P” means Standard and Poor’s Ratings Services, its successors and assigns.

“Securities Depositories” means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Dex-(215) 496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a written request of the Agency delivered to the Trustee.

“Serial Bonds” means all Bonds other than the Term Bonds.

“Sinking Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Special Fund” means the fund by that name established and held by the Agency pursuant to the Indenture.

“State” means the State of California.

“Subordinate Debt” means any loans, advances or indebtedness issued or incurred by the Agency pursuant to the Indenture, which are either: (a) payable from, but not secured by a pledge or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues for the security of the Bonds, the 2000 Bonds and any additional Parity Debt.

“2000 Bonds” means the Agency’s \$8,265,000 aggregate principal amount of Redevelopment Project Area II 2000 Tax Allocation Refunding Bonds.

“Tax Revenues” means, except as provided below, moneys allocated within the Plan Limit and paid to the Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Sections 16110, et seq., of the Government Code of the State of California) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and including that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds (including that portion of the Prior Bonds refunded with the proceeds of the Bonds) and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Law, (ii) amounts payable by the Agency pursuant to the Tax-Sharing Agreements and (iii) amounts payable by the Agency pursuant to

Sections 33607.5 and 33607.7 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of Parity Debt, as applicable.

**“Term Bonds”** means any Bonds subject to mandatory sinking fund redemption pursuant to the Indenture.

### **Pledge and Deposit of Tax Revenues**

Except for certain fees, costs and expenses of the Trustee in the event of default, the Bonds shall be equally secured by a first pledge of, security interest in and lien on all of the Tax Revenues and a first and exclusive pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

There is established by the Indenture a special fund to be known as the “Special Fund,” which shall be held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year and for deposit in such Bond Year in funds and accounts established with respect to any Parity Debt, as provided in any supplemental indenture.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year shall be released from the pledge and lien for the security for the Bonds and may be applied by the Agency for any lawful purposes of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any supplemental indentures.

### **Establishment of Funds and Accounts; Flow of Funds**

**2003 Costs of Issuance Fund.** There is established by the Indenture a separate fund designated as the 2003 Costs of Issuance Fund. The moneys in the 2003 Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a written request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the earlier of February 20, 2004, or the date of receipt by the Trustee of a Written Request of the Agency therefor, all amounts (if any) remaining in the 2003 Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be deposited in the Debt Service Fund.

**Redevelopment Fund.** There is established by the Indenture a separate fund designated as the Redevelopment Fund which the Agency has covenanted and agreed to cause to be maintained and which shall be held in trust by the Agency. The moneys in the Redevelopment Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing the Redevelopment Project. The

Agency has warranted that no funds on deposit in the Redevelopment Fund shall be applied for any purpose not authorized by the Law.

Debt Service Fund. There is established by the Indenture a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee in trust. Moneys in the Special Fund shall be transferred by the Agency to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, which are established with the Trustee, in the following order of priority:

(a) Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fifth (5th) Business Day preceding September 1 in each year in which principal of the Bonds is due and payable, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and any maturing Term Bonds on the next Interest Payment Date. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Interest Payment Date on all of the Outstanding Serial Bonds and any maturing Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and maturing Term Bonds as it shall become due and payable.

(c) Sinking Account. On or before the fifth (5th) Business Day preceding each September 1 on which any Outstanding Term Bonds are subject to mandatory redemption pursuant to the Indenture, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1 pursuant to the Indenture. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption pursuant to the Indenture.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, including, with respect thereto, any amount required to be reimbursed to the Insurer pursuant to the Guaranty Agreement. If there shall then not be sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account,

the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Day preceding March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Agency shall have caused to be deposited in the Special Fund an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Agency to the Redevelopment Fund.

The Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Agency to be deposited in the Redevelopment Fund and used for the purposes thereof. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency shall be pro-rata with respect to each such instrument.

The Reserve Requirement is represented in part by credit with respect to the 2000 Bonds of a Qualified Reserve Account Credit Instrument. Pursuant to the terms and conditions of the Qualified Reserve Account Credit Instrument, the Trustee shall deliver to the Insurer a demand for payment under the Qualified Reserve Account Credit Instrument in the required form at least three (3) days prior to the date on which funds are required for the purposes of the Reserve Account described above. Amounts owing to the Insurer under the terms of the Qualified Reserve Account Credit Instrument shall be secured by a pledge of, security interest in and lien on the Tax Revenues, subject in all respects to the prior pledge, security interest and lien in favor of the Bonds.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds, the 2000 Bonds and any additional Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Agency in writing to the Trustee.

(e) Surplus. The Agency shall not be required to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee from the Special Fund with respect to such Bond Year pursuant to the Indenture. In the event that, for any reason whatsoever, any amount shall remain on deposit in the Special Fund on the last day of any Bond Year (being the applicable September 1) after

making all of the transfers from the Special Fund with respect to such Bond Year theretofore required to be made pursuant to the Indenture the Agency may withdraw such amount from the Special Fund to be used for any lawful purpose of the Agency.

(f) Redemption Account. On or before the Business Day preceding any Interest Payment Date on which Bonds are to be redeemed pursuant to the Indenture (other than by reason of mandatory sinking fund redemption), the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such Interest Payment Date pursuant to the Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture on the date set for such redemption.

### **Issuance of Parity Debt**

In addition to the Bonds, the Agency may, by supplemental indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance the Project in such principal amount as shall be determined by the Agency. The Agency may issue or incur any such other Parity Debt subject to the following specific conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all supplemental indentures;

(b) The Tax Revenues estimated to be received for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County, shall be at least equal to 125% of the Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt;

(c) The supplemental indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall be payable on September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable;

(d) Money shall be deposited in the Reserve Account from the proceeds of the sale of said Parity Debt (or from other available funds of the Agency) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt, and the Supplemental Indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts, including a separate Reserve Account ;he supplemental indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts;

(e) The aggregate amount of the principal of and interest on all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Parity Debt, shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Parity Debt; and

(f) The Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in the Indenture have been satisfied and that an amount equal to the Reserve Requirement is on deposit in cash in the Reserve Account as of the delivery of such Parity Debt.;

### **Issuance of Subordinate Debt**

In addition to the Bonds, the Agency may incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all supplemental indentures;

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limit, then all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Subordinate Debt; and

(c) Except with respect to any Subordinate Debt issued and delivered on the Closing Date, the Agency shall deliver to the Trustee a written certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in the Indenture have been satisfied.

### **Investment of Funds**

Moneys in the funds and accounts established by the Indenture and held by the Trustee shall be invested by the Trustee in Permitted Investments specified in a written request of the Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments, except that moneys in the Reserve Account, if any, shall not be invested in Permitted Investments with maturities of more than five (5) years, unless otherwise approved by the Insurer. In the absence of any such specification by the Agency, the Trustee may (but shall not be required to) invest any such moneys in the Permitted Investments described in clause (d) of the definition thereof and selected by the Trustee, which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. Moneys in the Special Fund and the Redevelopment Fund may be invested by the Agency in any obligations in which the Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account; provided, however, that (i) all interest or gain from the investment of amounts in the Interest Account shall be retained in the Interest Account and (ii) all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent that the amounts remaining on deposit in the Reserve Account equal the Reserve Requirement. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture.

## **Certain Covenants of the Agency**

**Punctual Payment.** The Agency shall promptly pay or cause to be paid when due from moneys in the Special Fund the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of the Indenture. The Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all supplemental indentures. Nothing in the Indenture shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

**Limitation on Additional Indebtedness.** So long as the Bonds are Outstanding, only the Bonds, any Parity Debt and any Subordinate Debt may be payable from Tax Revenues. The Agency shall not otherwise issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues.

**Accounting Records; Financial Statements; Annual Calculation of Available Tax Revenues.** The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City of Buena Park, in which complete and current entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Insurer and the Owners of not less than ten percent (10%) percent in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared and filed with the Trustee annually, within 180 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements of Tax Revenues, and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year, which statements shall be accompanied by a written certificate of the Agency and a written certificate or opinion of an Independent Accountant stating that the Agency is in compliance with its obligations under the Indenture. The Agency shall furnish a copy of the above-referenced written certificates and statements to the Insurer and to any Owner upon reasonable request at the expense of such Owner.

The Agency shall promptly provide or cause to be provided to the Insurer such financial, statistical and other factual information as the Insurer shall from time to time reasonably request in writing. The Insurer shall pay any costs of the Agency to produce any such information, other than the cost of providing annual financial statements.

**Protection of Security and Rights of Owners.** The Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date, the Bonds shall be incontestable by the Agency.

**Taxation of Leased Property.** All amounts derived by the Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of the Indenture.

**Disposition of Property.** The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than 10 percent of the land area or more than 10 percent of the most recent assessed valuation of the



property in the Project Area unless such disposition is permitted as hereinafter provided. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition.

Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of any amounts payable by the State, appropriate officials of the State.

Tax Covenants. The Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to any of the gross proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of applicable federal tax laws. The Agency will assure compliance with the requirements for rebate of all excess investment earnings to be rebated to the United States of America under applicable federal tax law. The Agency has further covenanted not to apply the proceeds of the Bonds in a manner which would have the effect of causing the Bonds to become "private activity bonds" or to be used to make or finance loans to persons other than governmental units, or permit the Bonds to be "federally guaranteed" within the meaning of applicable federal tax law.

Compliance with the Law: Low and Moderate Income Housing Fund. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law. Without limiting the generality of the foregoing, the Agency covenants that it shall deposit or cause to be deposited in the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Law, all amounts when, as and if required to be deposited therein pursuant to the Law. The Agency agrees to expend amounts deposited in the Low and Moderate Income Housing Fund including, without limitation, proceeds of any Parity Debt deposited therein, solely in accordance with Section 33334.2 of the Law.

Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under the Indenture.

Compliance With Plan Limit. The Agency hereby agrees that the aggregate amount of Debt Service remaining to be paid on all Outstanding Bonds shall at no time exceed ninety-five percent (95%) of the aggregate amount of Tax Revenues which the Agency is permitted to receive under the Plan Limit. In the event that the aggregate amount of Debt Service remaining to be paid on all Outstanding Bonds at any time equals or exceeds ninety-five percent (95%) of the aggregate amount of Tax Revenues which the Agency is permitted to receive under the Plan Limit, all Tax Revenues thereafter received by the Agency shall immediately be paid to the Trustee and deposited by the Trustee in the Special Fund to be applied for the sole purpose of paying the principal of and interest on the Bonds and any other Outstanding Parity Debt prior to maturity or as it comes due and payable, notwithstanding anything in the Indenture to the contrary.

### **Amendment of Indenture**

The Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a supplemental indenture which shall become binding upon adoption, with the consent of the Insurer, but without consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Indenture reserved to or conferred upon the Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt pursuant to the Indenture, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of the Indenture; or

(d) to amend any provision of the Indenture relating to the requirements of or compliance with the requirements of applicable federal tax law, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on any of the Bonds, in the opinion of nationally-recognized bond counsel; or

(e) to comply with the requirements of the provider of any Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a supplemental indenture which shall become binding when the written consent of the Insurer and of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bonds without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

### **Events of Default**

Events of Default Defined. The following events shall constitute events of default under the Indenture:

(a) default in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause

(a), and such default shall have continued for a period of 60 days following receipt by the Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

(c) certain events relating to the bankruptcy or insolvency of the Agency.

**Remedies.** If an event of default has occurred and is continuing, the Trustee shall, if requested in writing by the Insurer or (with the prior written consent of the Insurer) by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity. With respect to any event of default described in clauses (a) and (c) above the Trustee shall, and with respect to any event of default described in clause (b) above the Trustee in its sole discretion may, upon receiving actual knowledge of such event of default, give notice thereof to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the Indenture (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date). This remedy, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

**Application of Funds Upon Acceleration.** All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee thereunder, shall be applied by the Trustee in the order following, upon presentation of the several Bonds and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such event of default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

**Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an event of default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an event of default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, settlement or other disposal of such litigation.

**Limitation on Bondowner's Right To Sue.** No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

**Non-Waiver.** A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Redevelopment Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners. If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

The Agency may remove the Trustee at any time, unless an event of default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Agency has knowledge that the Trustee shall cease to be eligible to serve as Trustee under the requirements of the Indenture, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Agency to the Trustee, whereupon the Agency shall appoint a successor Trustee by an instrument in writing.

### **Rights of the Insurer**

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted under the Indenture to the Bond Owners, or to the Trustee for the benefit of the Bond Owners, including but not limited to the right to approve all waivers of any Events of Default. The rights granted to the Insurer under the Indenture shall be deemed terminated and shall not be exercisable by the Insurer during any period during which the Insurer shall be in default under the Insurance Policy.

### **Discharge of Indenture**

If the Agency shall pay and discharge the indebtedness evidenced by the Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay such Bonds, including principal, interest and redemption premiums, (if any), or;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness evidenced by the Bonds (including principal, interest and redemption premiums, if any) at or before maturity.

If such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (a) the obligations of the Agency with respect to rebate of moneys to the United States of America pursuant to the Indenture, (b) the obligation of the Trustee to transfer and exchange such Bonds under the Indenture, and (c) the obligation of the Agency to pay or cause to be paid to the Owners, from amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Agency has determined to pay and discharge in part. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge all of the Bonds then Outstanding, any funds thereafter held by the Trustee which are not required for said purposes, shall be paid over to the Agency.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS  
OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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**City of Buena Park, California**

**Comprehensive Annual  
Financial Report**

**Year Ended June 30, 2002**



Prepared by the  
Finance Department

Nita McKay, Director  
Kevin Bullat, Fiscal Services Mgr



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CITY OF BUENA PARK  
 Comprehensive Annual Financial Report  
 Year ended June 30, 2002

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# CITY OF BUENA PARK

Department of Finance  
Nita McKay, Director

December 11, 2002

Honorable Mayor and Council Members  
City of Buena Park  
6650 Beach Boulevard  
Buena Park, California 90620

Honorable Mayor and Council Members:

Submitted for your information and consideration is the Comprehensive Annual Financial Report (CAFR) of the City of Buena Park, California for the year ended June 30, 2002. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The data presented is believed to be accurate in all material respects and is designed to set forth fairly the financial position and the results of the City's operations as measured by the financial activity of the various funds. All necessary disclosures are included to enable the reader to fully understand the financial activities and operations of the City. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the City's independent public accountants, Conrad and Associates.

The financial report is divided into three sections:

1. Introductory Section

This section includes the table of contents, a list of principal officials, an organizational chart, and this transmittal letter.

2. Financial Statement Section

This section includes the auditor's report and the combined and individual financial statements by fund type.

3. Statistical Information Section

This section includes pertinent financial and non-financial information that presents historical trends and other significant data.



## **REPORTING ENTITY**

The Comprehensive Annual Financial Report combines the financial statements of the Redevelopment Agency of the City of Buena Park and the Buena Park Foundation with the City of Buena Park to constitute a single reporting entity. Although each entity is legally separate from the City, their financial operations are closely related thereto. This combined presentation better represents the financial activities of the City of Buena Park.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The City uses the modified accrual basis of accounting to record general governmental operations. Under this method, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. For proprietary funds (enterprise and internal service funds), the full accrual method of accounting is utilized. Accordingly, revenues are recognized in the accounting period when they are earned and expenses are recognized when they are incurred.

In developing and evaluating the City's accounting systems, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Internal controls are also utilized to ensure the reliability of financial records, which are the basis for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of control measures do not exceed the benefits likely to be derived from this control and that the evaluation of costs and benefits likely to be derived requires estimates and judgments by management. All internal evaluations occur within the framework outlined above. Staff believes the internal accounting controls adequately safeguard the City's assets and provide reasonable assurance that financial transactions are properly recorded.

Budgetary control is maintained and evaluated at the departmental level within each fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. In all the governmental funds, purchase requisitions are encumbered prior to the approval and release of purchase orders. When such encumbrances indicate an overrun of the departmental or capital project budget, purchase orders are withheld until an appropriate adjustment is made to the budget that ensures adequate funding. Encumbrances not canceled at year-end are reported as a reservation of fund balance in the equity section of the balance sheet.

## **ECONOMIC CONDITION AND OUTLOOK**

Buena Park is located at the northwest edge of Orange County that is in the southwestern part of the State of California. Buena Park is the home of the world-famous Knott's Berry Farm, one of the nation's most popular and largest theme amusement parks. Also located in Buena Park are the Movieland Wax Museum, Wild Bill's and Medieval Times dinner theaters, and Ripley's Believe-It-or-Not Museum. These attractions contribute to the healthy tourist industry in the City.

Buena Park is an economically balanced community. Aside from the entertainment-type businesses, Buena Park also offers a complete selection of hotels, restaurants, commercial centers, office complexes, business parks, and the Buena Park Mall. Major

auto dealerships and approximately one hundred manufacturing plants can be found in the City as well as quality, affordable residential homes.

For the last seven years, Buena Park has benefited by the favorable economic conditions. During this period, the improvement in our local economy has led to new highs in certain revenue levels. Revenue sources experiencing increases during fiscal year 2001-02 included property taxes and utility user's tax revenues. During the past year, however, the slowing of the economy was experienced in the area of sales tax revenues. Still, during this same period, operating expenditures have not increased in proportion to the revenues, allowing the City of Buena Park to realize surpluses.

### **MAJOR INITIATIVES**

During the fiscal year several major initiatives were undertaken. These include further development at the Buena Park Mall, a Kohl's department store at the Buena Park Marketplace, construction of the Transit Village, completion of the Centerstone housing development, the Redevelopment Agency project area expansion, and relocation of car dealerships within the City of Buena Park.

#### **Buena Park Mall**

Wal-Mart has demolished the former FEDCO store and has begun construction on their new store at the Buena Park Mall. Construction is also underway on the new 18-screen Krikorian theater project. The state-of-the-art complex will feature stadium-style seating in all of the theaters and will be complemented by new restaurant and shop space to be developed adjacent to the building. The grand opening for the Wal-Mart and Krikorian theaters is scheduled for the spring of 2003.

#### **Buena Park Marketplace**

Across from the Buena Park Mall, construction has begun on the Kohl's department store. Completion is expected in spring, 2003. At that time, construction will also begin on the new Michael's store and the neighboring tenant spaces. Construction will be complete on the entire center in the fall of 2003.

#### **Transit Village**

Construction has recently begun on the City's Transit Village project. Upon completion, the project will consist of 86 single-family homes and a MetroLink commuter rail station. The homes have all been constructed and range in size from 1,360 square feet to 1,600 square feet and in price from \$161,000 to \$240,000. Of the 86 units, 58 have been sold to faculty and staff of California State University Fullerton and the remainder will be sold in the coming months. The rail station will feature platforms for northbound and southbound travel and 300 parking spaces, and will begin construction in spring, 2003. Approximately one-half acre in the project has been set aside for future expansion of the parking lot or for a daycare facility to serve the project's homeowners, MetroLink commuters, and local residents.

## **Centerstone**

Construction is complete on the 53-unit Centerstone housing development. All of the homes were sold during the first three months of the selling phase in June, July and August of 2001. The single-family units are 1,750 square feet to 2,460 square feet in size, and have been sold for \$340,000 to \$400,000.

## **Redevelopment Agency Project Area Expansion**

The Agency completed the task of consolidating the existing three Redevelopment Project Areas into one merged area. In conjunction with the merger, new area was added and the timelines for incurring debt have been extended. The process added more than 50% of the City to a new project area. This allows the Agency to provide programs that help the City's homeowners to remodel and maintain their homes, and business owners expand their businesses.

## **Buena Park Nissan/House of Imports Relocation**

The Agency assisted Buena Park Nissan in relocating their facility located at 6950 Manchester Boulevard to the corner of Stanton and Manchester Avenues, the former location of Toyota of Buena Park's used car facility. The relocation of Nissan provided them with a more visible, accessible and modern location for their business needs. It also allowed House of Imports to expand into the former Nissan facility.

## **PROPOSED AGENCY PROJECTS**

### **Shelly BMW**

During the past year, Shelly BMW purchased an apartment complex and a few single-family homes behind their existing dealership. The buildings have been demolished, allowing the dealership to expand their operation. The Agency is assisting the dealership in processing the plans for abandoning the street, demolishing the current dealership buildings, and constructing a new, state-of-the-art facility. Construction is scheduled to begin in January 2003 and be completed by the end of 2003.

### **House of Imports**

Buena Park Nissan's recent relocation has allowed House of Imports to expand their dealership onto the site of the former Nissan store. House of Imports is currently in discussions with Daimler-Chrysler regarding plans to renovate and update their building. In the beginning of 2003, the Agency will assist House of Imports in obtaining their entitlements. Construction should begin in the summer of 2003 and take approximately one year to complete.

### **Carmax Dealership**

Over the past number of years, the Agency has purchased property near the intersection of Artesia and Manchester Avenues for the purposes of creating an additional auto dealership in the Buena Park Auto Center. The existing tenants have been relocated and the building has been demolished. Carmax, a national used-car retailer, is under contract to purchase the site and build a new dealership. The Agency

is currently renegotiating the original Disposition and Development Agreement and will be creating a new completion schedule in the near future.

**APPROPRIATIONS LIMITATION**

As set forth by the Gann Initiative, which became law in the State of California in 1979, the City's appropriation limitation for 2001-02 was calculated at \$54.3 million. Actual revenues from proceeds of taxes at the end of the year totaled \$32.7 million. That amount is \$21.6 million, or about 40%, below the City's legal appropriation limitation.

**GENERAL GOVERNMENTAL FUNCTIONS**

General operating revenues in the General, Special Revenue, Debt Service and Capital Project Funds increased \$5,228,450 or 9.6%, from the previous fiscal year. General Fund revenues increased \$4,869,115 while revenue in the other funds increased \$359,335 over the previous fiscal year.

Buena Park experienced increases in many major revenue categories. Increases were realized in property tax revenue (\$268,908) and utility user's tax revenue (\$588,700). Property tax revenue increased as a direct result of the increase in property values, as the housing market continued its upward trend throughout Orange County, California. The increase in the City's utility user's tax revenue was due to the increase in electric and gas costs paid by homeowners within the City as the State of California continues to deal with the issues created by the 2000-01 State energy crisis.

The only significant decrease in revenues for fiscal year 2001-02 was in sales tax revenue. This decline of \$1,221,751 was the direct result of a slowing economy.

<b>Source</b>	<b>Total</b>	<b>Percent Of Total</b>	<b>Increase (Decrease) over 2000/01</b>	<b>Percent Increase (Decrease)</b>
<b>Property Tax</b>	\$11,971,950	20.0%	\$268,908	2.3%
<b>Sales Tax</b>	13,433,850	22.5%	(1,221,751)	(8.4%)
<b>Transient Occupancy Tax</b>	3,783,534	6.3%	15,916	.4%
<b>Utility Users Tax</b>	2,652,280	4.4%	588,700	28.5%
<b>Franchise Taxes</b>	1,550,411	2.5%	160,968	11.6%
<b>Business License Tax</b>	672,449	1.1%	43,668	6.9%
<b>All Other Revenues</b>	25,875,159	43.2%	5,372,041	26.2%
<b>TOTALS</b>	<b>\$59,939,633</b>	<b>100.0%</b>	<b>\$5,228,450</b>	<b>9.6%</b>

Figure 1: REVENUES

Function	Total	Percent Of Total	Increase (Decrease) over 2000/01	Percent Increase (Decrease)
Public Protection	\$19,145,911	36.2%	\$302,252	1.6%
General Government	4,582,589	8.7%	13,000	.3%
Transportation	3,567,940	6.7%	(57,916)	(1.6%)
Capital Outlay	8,142,812	15.4%	2,370,917	41.1%
Health	2,317,438	4.4%	270,634	13.2%
Leisure	1,342,615	2.5%	108,912	8.8%
Development	7,114,236	13.4%	2,020,434	39.7%
Environmental	1,968,237	3.7%	82,601	4.4%
Debt Service	4,777,537	9.0%	(263,367)	(5.2%)
<b>TOTALS</b>	<b>\$52,959,315</b>	<b>100.0%</b>	<b>\$4,847,467</b>	<b>10.1%</b>

Figure 2: EXPENDITURES BY FUNCTION

Overall operating expenditures increased 10.1%, or \$4,847,467, during fiscal year 2001-02. The majority of the increases can be seen in capital outlay (\$2,370,917) and development (\$2,020,434) expenditures. It is typical to experience wide variations in capital outlay expenditures due to the useful life span of these items. Likewise, the increase in development expenditures can be attributed to the increase in capital project outlay. Additional increases in operating expenditures occurred in the public protection and health functions. The increase in public protection expenditures was caused by the implementation of labor contracts for police personnel totaling approximately \$253,590 and an increase in the contract with the Orange County Fire Authority for fire services totaling approximately \$192,660. The increase in health expenditures is the direct result of increases in the City's trash collection and street sweeping contracts in the amounts of \$253,000 and \$18,000, respectively.

### FUND BALANCE

Revenues and other financing sources exceeded expenditures and other financing uses by \$6,191,170 in the City's General Fund during fiscal year 2001-02. The labor contract for the City's police and police management associations expired June 2002 and the costs of new contracts are expected to erode the existing surplus. In addition to the labor contracts, costs for products and services continue to creep higher – events that will further add to the cost of operating the City.

These additional costs along with a slowing of the economy and the State of California's looming budget deficit, with loss of funding sources to the City, make it imperative that the City constantly evaluate and adjust its fiscal policy to maintain a healthy level of reserves.

Figure 3 below illustrates the history of General Fund revenues and expenditures for the past ten years. A detailed list of the reservations and designations can be found in note 13 of the Notes to the Financial Statements.

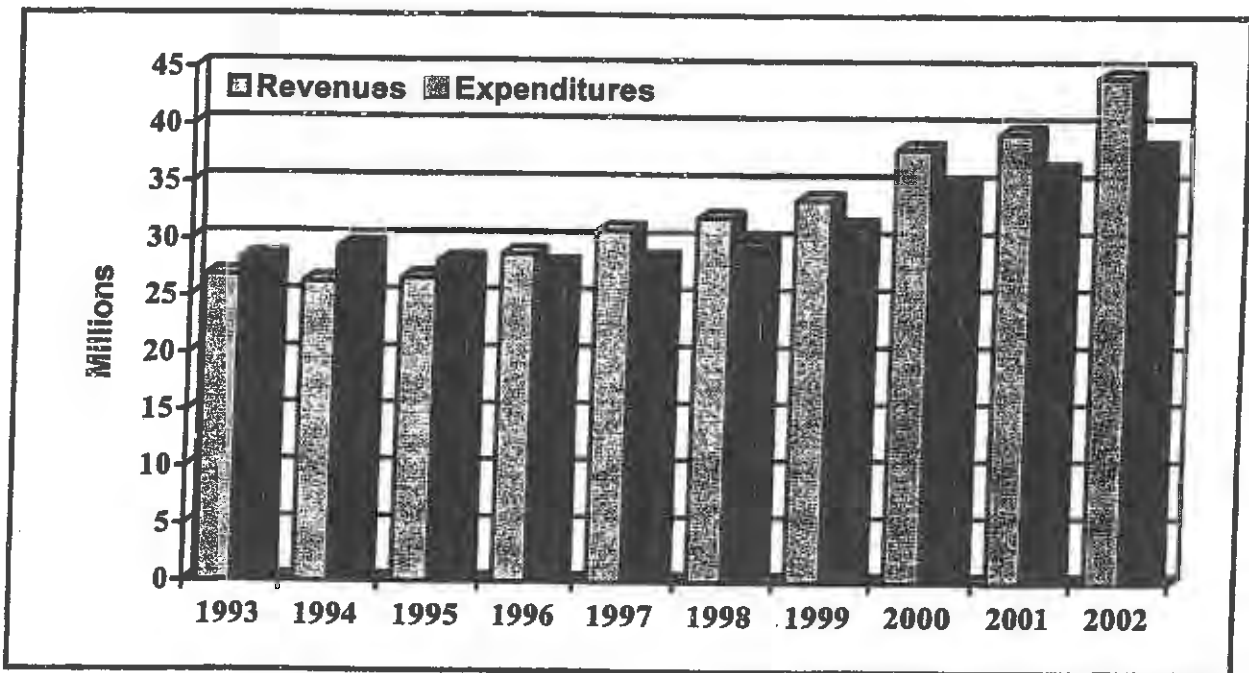


Figure 3: GENERAL FUND REVENUES & EXPENDITURES

### **CITY RETIREMENT COSTS**

Note 11 of the Notes to the Financial Statements explains in detail the financing of the City's retirement program. The total over-funded Actuarial Accrued Liability applicable to the employees of the City for the prior three actuarial valuation dates was \$89,085,000. Employer contribution rates are reviewed and adjusted annually to achieve full funding for retirement benefits.

### **CASH MANAGEMENT**

As a general law city, Buena Park operates its pooled idle cash investments under the Prudent Man Rule (California Civil Code Section 2261, et. seq.), which in essence states that "in investing property for the benefit of another, a trustee shall exercise the judgment and care, under circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs..." The City's cash management system is designed to monitor and forecast expenditures and revenues as accurately as possible and to invest funds to the fullest extent possible. The City attempts to obtain the highest available investment yields consistent with the criteria established and outlined in the City's Investment Policy, which is approved annually by the City Council. Some of the instruments in which the City may invest are: securities of the United States Government, Certificates of Deposit, Bankers' Acceptances, Local Agency Investment Fund (LAIF) and regular savings and demand deposits. The average interest rate in 2001-02 ranged between 3% and 7% and the City's cash position remained healthy throughout the year.

As stated in note 2 of the Notes to the Financial Statements, the City's total cash deposits have been broken down into Category 1, 2, and 3. These three categories are provided to comply with GASB Statement Number 3 which, in essence, requires disclosure of risk assumed by the City. An explanation of these categories can be found

in note 2. The City's deposits at June 30, 2002 totaled \$521,998 with no deposits having Category 3 risk. The City's investments at June 30, 2002 had a market value of \$75,484,207. No investments had Category 3 risk.

### **FIXED ASSETS**

Equipment is capitalized if it has a cost of \$1,000 or more and if it has a minimum life expectancy of two years. Under the City's current fixed assets computerized system, assets are listed by fund, source, type, location and department. Appropriate depreciation is calculated for fixed assets held by the Water Enterprise Fund and the Internal Service Funds. General fixed assets as of June 30, 2002 totaled \$26,207,762. This amount represents the original or estimated cost of the assets and is considerably less than their current replacement value. Depreciation of general fixed assets is not recognized in the City's accounting of general governmental functions.

### **RISK MANAGEMENT**

The City has outside liability insurance coverage. Note 17 of the Notes to Financial Statements outlines the parameters of this insurance coverage. The City's self-insured public liability insurance showed a net operating loss of \$240,745. This loss was due to higher than anticipated settlements involving outstanding claims. During the year a number of outstanding claims came to conclusion with higher than budgeted costs.

The Risk Management Division will continue to explore alternative methods, including joint municipal purchases of insurance, to reduce the City's insurance costs. The estimated liability claims incurred as of June 30, 2002 as determined by the third-party claims administrator, is \$541,000.

The Workers' Compensation Fund had a net operating loss of \$1,546,977 at June 30, 2002. For the past few years the City has been under direction from the City Council to reduce reserves in this self-insurance fund and one of the ways this is being accomplished is to knowingly operate the fund at a deficit. The City looks at self-insurance reserves as a combination of both liability and workers' compensation. Currently, the Liability Fund has surplus reserves and the Workers' Compensation Fund does not. Since the economy has shown strength over the past few years, it has been recommended to the City Council to reverse its prior decision and start building the self-insurance reserves.

The City's workers' compensation program is self-insured for claims up to \$300,000. As currently structured, all departments are charged an annual "premium" and these monies are deposited into a fund from which claims and administrative costs are paid. The estimated workers' compensation claims payable at June 30, 2002 is \$4,485,548.

All self-insurance programs are administered by third party professional administrators who function under criteria established by the City's Risk Management Division and the City's Insurance Marketing Committee, as approved by the City Council.

### **WATER ENTERPRISE FUND**

Operating revenues for the Water Enterprise Fund totaled \$9,415,883 while operating expenses totaled \$7,848,040. The result is an operating gain of \$1,567,843. An operating gain or loss in the Water Fund is generally related to the amount of capital improvement expenditures incurred. The City approves funding of capital improvements on an annual basis. The amount of funding varies from year to year. Since most

projects are not expended in the year budgeted, actual expenditures also vary. In years where numerous or large projects are completed a net loss is the result. Likewise, in the years where few projects are completed, the fund will show a net gain.

Staff continues to reevaluate the water rates on an annual basis in order to fund appropriately all the costs related to the water operations including maintenance and the infrastructure associated with providing the service.

### **DEBT ADMINISTRATION**

The complete debt servicing details are contained in notes 8 and 9 of the Notes to Financial Statements. The City's general long-term debt totals \$44,789,437. Union Bank of California, acting as fiscal agent, is responsible for overseeing the placement and handling of funds related to these outstanding bonds. The fiscal agent is also responsible for dispersing funds to cover principal and interest payments. The Tax Allocation Notes are rated AAA which is considered the highest rating.

### **AUDIT REPORT**

The City received an unqualified opinion from its independent auditors, Conrad and Associates, for the City's General Purpose Financial Statements (GPFS) for the fiscal year ended June 30, 2002. The scope of their examination did not include the statistical information presented in Tables 1 through 17.

### **FINANCIAL REPORTING AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Buena Park for its comprehensive annual financial report for the fiscal year ended June 30, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **PROSPECT FOR THE FUTURE**

The City's financial reserves increased again in the 2001-02 fiscal year. It is evident a strong economy has brought revenues to a level never experienced in Buena Park before; however, revenues tied to the economic conditions that surround Buena Park will see periods of growth or stabilization followed closely by periods of decline. As a result, the City must protect itself by not operating in a deficit spending mode and should take this opportunity to build its reserves.

To deal with future economic setbacks, the City will continue to evaluate and implement sound fiscal planning techniques. The objective of this constantly evolving plan is to create a map whereby the City's revenues consistently exceed expenditures and reserves are built up. We will always continue looking at ways of cutting and/or stabilizing costs while at the same time providing service at or above the current levels.



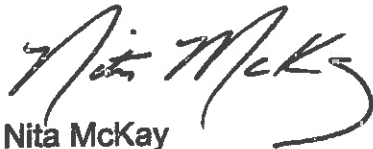
To meet our financial objectives, we will need to continue working with the community. As always, we stand ready to assist the City Council in planning and implementing change. It will not always be easy but the long-term benefit to the community makes it imperative.

### **ACKNOWLEDGMENTS**

All levels of City management appreciate the continued, dedicated and efficient services of the entire Finance Department staff. Our independent auditors, Conrad and Associates, continue to provide leadership, expertise and advice in preparing the financial report. Special recognition is extended to Kevin Bullat, Wayne Schaller, Gail Moore, and Dennis Varela who contributed to and coordinated the preparation of this annual report.

The City Council has continued to extend their support to the Finance Department in the planning of responsible and proactive financial City operations. Through the team effort of the City Council, City Manager, Department Heads, and employees, the City expects to continue the high level of service, which is currently provided to the citizens of the community. Due to the consistent policies of the City Council and each employee's commitment to maintain superior service level standards, the City of Buena Park has been able to maintain a sound financial base from which to operate.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nita McKay", with a large, stylized flourish at the end.

Nita McKay  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Buena Park,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

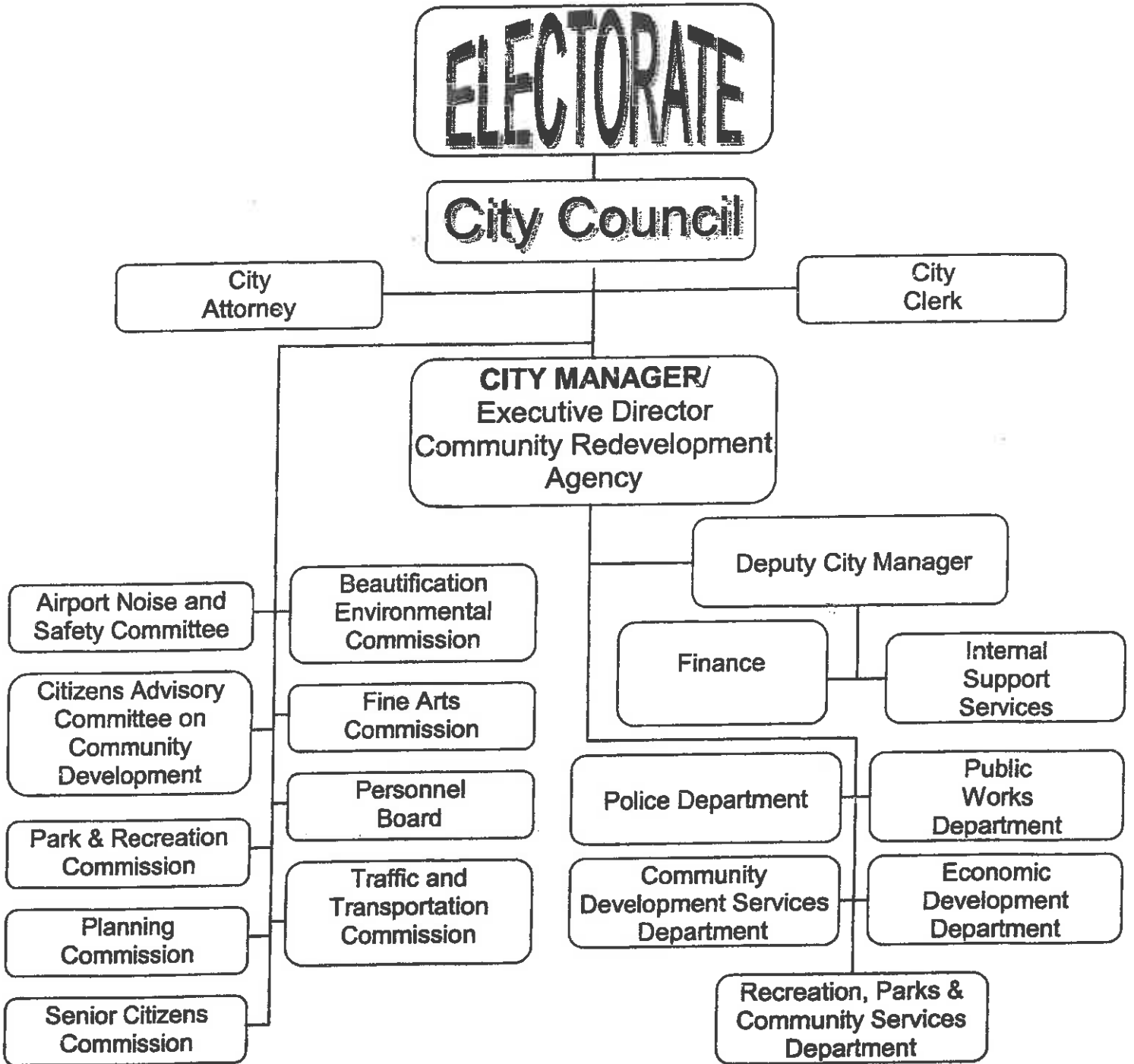
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick Pate*  
President

*Jeffrey L. Esser*  
Executive Director

**CITY of BUENA PARK**  
Organizational Chart



**CITY of BUENA PARK**  
**List of Principal Officials**

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CITY of BUENA PARK:

CITY COUNCIL

Patsy Marshall ..... Mayor  
Gerald N. Sigler ..... Mayor Pro-Tem  
Steve Berry ..... Council Member  
Arthur C. Brown ..... Council Member  
Jim A. Dow ..... Council Member

ADMINISTRATION AND DEPARTMENT HEADS

City Manager ..... Greg A. Beaubien  
Deputy City Manager ..... Robert Weston Morgan  
City Attorney ..... Quinn Barrow  
City Clerk ..... Shalice Reynoso  
Director of Building and Planning Services ..... Rick J. Warsinski  
Director of Economic Development ..... May Wong Hui  
Director of Finance ..... Nita McKay  
Police Chief ..... Gary Hicken  
Director of Public Works ..... Donald K. Jensen  
Director of Recreation ..... Steven Hunt

COMMUNITY REDEVELOPMENT AGENCY of the CITY of BUENA PARK:

BOARD OF DIRECTORS

Patsy Marshall ..... Chairman  
Gerald N. Sigler ..... Vice Chairman  
Steve Berry ..... Board Member  
Arthur C. Brown ..... Board Member  
Jim A. Dow ..... Board Member  
Greg A. Beaubien ..... Executive Director  
James L. Markman ..... Agency Counsel  
Shalice Reynoso ..... Secretary  
Nita McKay ..... Treasurer

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The Honorable Members of City Council  
City of Buena Park, California

Independent Auditors' Report

We have audited the accompanying general purpose financial statements of the City of Buena Park, California as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Buena Park, California. Our responsibility is to express an opinion on these general purpose 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Buena Park, California as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual funds, and individual account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Buena Park, California. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. The scope of our audit did not include the statistical schedules listed in the table of contents and we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2002 on our consideration of the City of Buena Park's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Conrad and Associates, L.L.P.*

September 19, 2002



**GENERAL PURPOSE FINANCIAL STATEMENTS**



CITY OF BUENA PARK  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 2002

<u>Assets and other debits</u>	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets:</b>				
Cash and investments (note 2)	\$ 22,042,360	15,134,155	12,932,416	12,450,341
Cash and investments with fiscal agent (note 2)	1,116,746	-	3,337,334	-
Accounts receivable (net of allowance for uncollectibles of \$183,807)	1,268,066	696,627	-	-
Interest receivable	153,001	123,614	74,434	72,608
Taxes receivable	2,723	-	66,033	-
Loans receivable	19,535	8,178,869	-	314,903
Due from other funds (note 3)	449,135	826,375	-	-
Due from other governments	2,661,022	343,945	115,546	-
Due from County of Orange (note 19)	124,233	142,202	9,744	197,141
Prepaid items	28,704	-	-	452
Property held for resale	-	-	-	5,027,065
Advances to other funds (note 10)	8,149,732	-	-	4,410
Inventory	85,938	-	-	-
Fixed assets (net of depreciation) (note 4)	-	-	-	-
<b>Other debits:</b>				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 36,101,195</b>	<b>25,445,787</b>	<b>16,535,507</b>	<b>18,066,920</b>
 <u>Liabilities, equity, and other credits</u>				
<b>Liabilities:</b>				
Accounts payable	\$ 482,381	83,410	20	603,067
Accrued liabilities	426,369	24,607	-	-
Due to other funds (note 3)	-	283,042	-	992,468
Due to other governments	-	-	-	16,903
Accrued employee leave benefits (note 8)	-	-	-	-
Deposits payable	1,585,590	73,379	-	464,300
Retentions payable	-	-	-	94,924
Arbitrage rebate payable	-	-	-	-
Claims payable (note 17)	-	-	-	-
Loans payable (notes 5, 8 and 9)	-	115,229	-	-
Advances from other funds (note 10)	4,410	-	-	8,149,732
Capital lease payable (note 7)	-	-	-	-
Deferred revenue (note 18)	2,742,790	5,081,282	66,033	-
Tax allocation bonds payable (notes 8 and 9)	-	-	-	-
Revenue bonds payable (notes 8 and 9)	-	-	-	-
Notes payable (note 6)	-	-	-	-
<b>Total liabilities</b>	<b>5,241,540</b>	<b>5,660,949</b>	<b>66,053</b>	<b>10,321,394</b>
<b>Equity and other credits:</b>				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings (note 14)	-	-	-	-
<b>Fund balances (note 13):</b>				
Reserved	12,292,795	4,302,780	16,469,454	5,550,234
Unreserved	18,566,860	15,482,058	-	2,195,292
<b>Total equity and other credits</b>	<b>30,859,655</b>	<b>19,784,838</b>	<b>16,469,454</b>	<b>7,745,526</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 36,101,195</b>	<b>25,445,787</b>	<b>16,535,507</b>	<b>18,066,920</b>

See accompanying notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-term Debt	2002	2001
3,311,334	4,709,816	315,992	-	-	70,896,414	68,173,690
682,024	-	-	-	-	5,136,104	5,228,961
440,011	27,568	-	-	-	2,432,272	2,475,437
22,694	32,744	-	-	-	479,095	735,320
-	-	-	-	-	68,756	97,441
-	98,544	-	-	-	8,611,851	7,672,036
-	-	-	-	-	1,275,510	1,307,220
-	-	-	-	-	3,120,513	2,109,362
27,744	117,731	-	-	-	618,795	742,559
-	145	-	-	-	29,301	6,423
-	-	-	-	-	5,027,065	11,159,846
-	-	-	-	-	8,154,142	7,874,714
-	-	-	-	-	85,938	76,422
7,774,784	2,032,280	-	26,207,762	-	36,014,826	31,834,018
-	-	-	-	16,469,454	16,469,454	13,698,397
-	-	-	-	28,319,983	28,319,983	31,693,535
<u>12,258,591</u>	<u>7,018,828</u>	<u>315,992</u>	<u>26,207,762</u>	<u>44,789,437</u>	<u>186,740,019</u>	<u>184,885,381</u>
1,009,327	166,841	-	-	-	2,345,046	3,218,277
24,331	15,583	-	-	-	490,890	469,083
-	-	-	-	-	1,275,510	1,307,220
-	-	315,992	-	-	332,895	270,189
71,413	82,238	-	-	2,136,778	2,290,429	2,164,895
210,160	-	-	-	-	2,333,429	2,537,593
-	-	-	-	-	94,924	-
-	-	-	-	-	-	37,543
-	5,026,548	-	-	-	5,026,548	4,411,592
271,167	-	-	-	8,240,459	8,626,855	8,203,039
-	14,582	-	-	-	8,154,142	7,874,714
-	-	-	-	-	14,582	184,379
-	-	-	-	-	7,890,105	8,839,049
-	-	-	-	32,825,000	32,825,000	33,975,000
972,800	-	-	-	1,587,200	2,560,000	2,755,000
1,619,736	-	-	-	-	1,619,736	1,732,712
<u>4,178,934</u>	<u>5,305,792</u>	<u>315,992</u>	<u>-</u>	<u>44,789,437</u>	<u>75,880,091</u>	<u>77,980,285</u>
2,072,069	799,021	-	-	-	2,871,090	2,719,044
-	-	-	26,207,762	-	26,207,762	22,683,662
6,007,588	914,015	-	-	-	6,921,603	8,530,396
-	-	-	-	-	38,615,263	34,112,204
-	-	-	-	-	36,244,210	38,859,790
<u>8,079,657</u>	<u>1,713,036</u>	<u>-</u>	<u>26,207,762</u>	<u>-</u>	<u>110,859,928</u>	<u>106,905,096</u>
<u>12,258,591</u>	<u>7,018,828</u>	<u>315,992</u>	<u>26,207,762</u>	<u>44,789,437</u>	<u>186,740,019</u>	<u>184,885,381</u>



## CITY OF BUENA PARK

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types

Year ended June 30, 2002

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					2002	2001
<b>Revenues:</b>						
Taxes	\$27,483,399	998,491	5,878,618	-	34,360,508	34,438,927
Licenses and permits	564,318	-	-	-	564,318	374,209
Fines and forfeitures	964,714	108,257	-	-	1,072,971	1,262,538
Intergovernmental	5,001,858	6,516,816	-	321,392	11,840,066	9,873,011
Charges for services	6,034,898	-	-	-	6,034,898	3,933,176
Investment income	1,035,737	697,099	574,279	558,865	2,865,980	4,090,092
Interest on RDA advances	2,719,487	-	-	-	2,719,487	-
Sale of property	-	-	-	-	-	1,360
Miscellaneous	186,212	239,195	-	55,998	481,405	737,870
<b>Total revenues</b>	<b>43,990,623</b>	<b>8,559,858</b>	<b>6,452,897</b>	<b>936,255</b>	<b>59,939,633</b>	<b>54,711,183</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	4,485,089	97,500	-	-	4,582,589	4,569,589
Leisure	1,342,615	-	-	-	1,342,615	1,233,703
Transportation	3,361,698	206,242	-	-	3,567,940	3,625,856
Public protection	18,551,813	594,098	-	-	19,145,911	18,843,659
Development	1,266,560	1,627,825	-	4,219,851	7,114,236	5,093,802
Environmental	1,968,237	-	-	-	1,968,237	1,885,636
Health	2,317,438	-	-	-	2,317,438	2,046,804
Capital outlay	243,141	99,924	-	7,799,747	8,142,812	5,771,895
<b>Debt service:</b>						
Principal retirement	120,900	-	1,150,000	-	1,270,900	1,314,700
Interest and other charges	91,323	-	2,804,910	610,404	3,506,637	3,726,204
<b>Total expenditures</b>	<b>33,748,814</b>	<b>2,625,589</b>	<b>3,954,910</b>	<b>12,630,002</b>	<b>52,959,315</b>	<b>48,111,848</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>10,241,809</b>	<b>5,934,269</b>	<b>2,497,987</b>	<b>(11,693,747)</b>	<b>6,980,318</b>	<b>6,599,335</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	323,150	718,366	525,018	11,355,463	12,921,997	7,366,427
Operating transfers out	(4,373,789)	(4,256,314)	(250,000)	(3,862,934)	(12,743,037)	(8,734,432)
Proceeds of loans	-	-	-	610,404	610,404	572,052
<b>Total other financing sources (uses)</b>	<b>(4,050,639)</b>	<b>(3,537,948)</b>	<b>275,018</b>	<b>8,102,933</b>	<b>789,364</b>	<b>(795,953)</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>6,191,170</b>	<b>2,396,321</b>	<b>2,773,005</b>	<b>(3,590,814)</b>	<b>7,769,682</b>	<b>5,803,382</b>
<b>Fund balances at beginning of year, as restated (note 20)</b>	<b>24,668,485</b>	<b>17,388,517</b>	<b>13,696,449</b>	<b>11,336,340</b>	<b>67,089,791</b>	<b>67,304,313</b>
<b>Residual equity transfer out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(135,701)</b>
<b>Fund balances at end of year</b>	<b>\$30,859,655</b>	<b>19,784,838</b>	<b>16,469,454</b>	<b>7,745,526</b>	<b>74,859,473</b>	<b>72,971,994</b>

See accompanying notes to financial statements.

CITY OF BUENA PARK

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General, Special Revenue and Capital Projects Funds

Year ended June 30, 2002

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 25,327,000	27,483,399	2,156,399	482,421	998,491	516,070
Licenses and permits	464,000	564,318	100,318	-	-	-
Fines and forfeitures	925,000	964,714	39,714	150,000	108,257	(41,743)
Intergovernmental	4,073,686	5,001,858	928,172	4,202,640	6,516,816	2,314,176
Charges for services	4,497,700	6,034,898	1,537,198	-	-	-
Investment income	875,000	1,035,737	160,737	645,800	697,099	51,299
Interest on RDA advances	-	2,719,487	2,719,487	-	-	-
Sale of property	2,000	-	(2,000)	-	-	-
Miscellaneous	187,200	186,212	(988)	81,200	239,195	157,995
<b>Total revenues</b>	<b>36,351,586</b>	<b>43,990,623</b>	<b>7,639,037</b>	<b>5,562,061</b>	<b>8,559,858</b>	<b>2,997,797</b>
Expenditures:						
Current:						
General government	4,674,414	4,485,089	189,325	132,595	97,500	35,095
Leisure	1,338,845	1,342,615	(3,770)	-	-	-
Transportation	3,607,481	3,361,698	245,783	233,230	206,242	26,988
Public protection	18,437,266	18,551,813	(114,547)	587,307	594,098	(6,791)
Development	1,308,455	1,266,560	41,895	1,469,670	1,627,825	(158,155)
Environmental	1,960,251	1,968,237	(7,986)	-	-	-
Health	2,531,398	2,317,438	213,960	-	-	-
Capital outlay	266,594	243,141	23,453	15,000	99,924	(84,924)
Debt service:						
Principal retirement	120,900	120,900	-	-	-	-
Interest and other charges	191,323	91,323	100,000	-	-	-
<b>Total expenditures</b>	<b>34,436,927</b>	<b>33,748,814</b>	<b>688,113</b>	<b>2,437,802</b>	<b>2,625,589</b>	<b>(187,787)</b>
Excess (deficiency) of revenue over expenditures	1,914,659	10,241,809	8,327,150	3,124,259	5,934,269	2,810,010
Other financing sources (uses):						
Operating transfers in	573,150	323,150	(250,000)	-	718,366	718,366
Operating transfers out	(3,546,039)	(4,373,789)	(827,750)	(10,836,675)	(4,256,314)	6,580,361
Proceeds of loan	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(2,972,889)</b>	<b>(4,050,639)</b>	<b>(1,077,750)</b>	<b>(10,836,675)</b>	<b>(3,537,948)</b>	<b>7,298,727</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,058,230)	6,191,170	7,249,400	(7,712,416)	2,396,321	10,108,737
Fund balances at beginning of year, as restated (note 20)	24,668,485	24,668,485	-	17,388,517	17,388,517	-
<b>Fund balances at end of year</b>	<b>\$ 23,610,255</b>	<b>30,859,655</b>	<b>7,249,400</b>	<b>9,676,101</b>	<b>19,784,838</b>	<b>10,108,737</b>

See accompanying notes to financial statements.

<u>Capital Projects</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
-	-	-
-	-	-
-	-	-
250,000	321,392	71,392
-	-	-
952,600	558,865	(393,735)
-	-	-
-	-	-
-	55,998	55,998
<u>1,202,600</u>	<u>936,255</u>	<u>(266,345)</u>
-	-	-
-	-	-
-	-	-
6,188,852	4,219,851	1,969,001
-	-	-
-	-	-
17,255,268	7,799,747	9,455,521
-	-	-
-	610,404	(610,404)
<u>23,444,120</u>	<u>12,630,002</u>	<u>10,814,118</u>
<u>(22,241,520)</u>	<u>(11,693,747)</u>	<u>10,547,773</u>
20,543,545	11,355,463	(9,188,082)
(3,414,468)	(3,862,934)	(448,466)
-	610,404	610,404
<u>17,129,077</u>	<u>8,102,933</u>	<u>(9,026,144)</u>
(5,112,443)	(3,590,814)	1,521,629
<u>11,336,340</u>	<u>11,336,340</u>	<u>-</u>
<u>6,223,897</u>	<u>7,745,526</u>	<u>1,521,629</u>

## CITY OF BUENA PARK

Combined Statement of Revenues, Expenses and  
Changes in Retained Earnings - All Proprietary Fund Types

Year ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2002	2001
Operating revenues:				
Charges for services	\$ 9,415,883	3,942,578	13,358,461	11,851,018
Total operating revenues	9,415,883	3,942,578	13,358,461	11,851,018
Operating expenses:				
Purchased water for resale	2,964,221	-	2,964,221	2,334,740
Ground water replenishment charges	1,277,067	-	1,277,067	1,390,476
Supplies and materials	177,369	184,655	362,024	371,498
Repairs and maintenance	199,144	246,822	445,966	528,262
Utilities	713,377	431,012	1,144,389	941,004
Salaries	1,069,355	589,818	1,659,173	1,565,393
Benefits	228,193	170,826	399,019	327,776
Contractual services	722,154	646,781	1,368,935	1,817,156
Insurance premiums	-	241,001	241,001	254,417
Depreciation	493,550	495,797	989,347	953,245
Workers' compensation claims	-	2,489,018	2,489,018	1,971,164
Liability claims	-	-	-	455,959
Fuel	-	201,284	201,284	224,774
Miscellaneous	3,610	1,856	5,466	50,076
Total operating expenses	7,848,040	5,698,870	13,546,910	13,185,940
Operating income (loss)	1,567,843	(1,756,292)	(188,449)	(1,334,922)
Nonoperating revenues (expenses):				
Gain on sale of fixed assets	-	-	-	28,480
Loss on sale of fixed assets	-	(24,092)	(24,092)	-
Investment income	162,340	199,865	362,205	564,244
Interest expense	(122,440)	(5,202)	(127,642)	(138,109)
Total nonoperating revenues (expenses)	39,900	170,571	210,471	454,615
Income (loss) before contributions and operating transfers	1,607,743	(1,585,721)	22,022	(880,307)
Capital contributions	-	43,000	43,000	150,000
Operating transfers in	-	300,000	300,000	1,730,171
Operating transfers out	(463,960)	(15,000)	(478,960)	(362,166)
Net income (loss)	1,143,783	(1,257,721)	(113,938)	637,698
Retained earnings at beginning of year, as restated (note 20)	4,863,805	2,171,736	7,035,541	7,764,792
Residual equity transfers in (out)	-	-	-	127,906
Retained earnings at end of year	\$ 6,007,588	914,015	6,921,603	8,530,396

See accompanying notes to financial statements.

## CITY OF BUENA PARK

## Combined Statement of Cash Flows - All Proprietary Fund Types

Year ended June 30, 2002

	Enterprise	Internal Service	Totals	
			(Memorandum Only) 2002	2001
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 8,566,633	-	8,566,633	9,555,043
Cash received from user departments	-	4,579,012	4,579,012	3,773,485
Cash payments to suppliers for goods and services	(6,496,847)	(4,490,663)	(10,987,510)	(8,251,425)
Cash payments to employees for services	(1,293,096)	(785,562)	(2,078,658)	(1,889,323)
Cash received (paid) for other operating activities	-	-	-	(26,816)
Net cash provided by (used for) operating activities	<u>776,690</u>	<u>(697,213)</u>	<u>79,477</u>	<u>3,160,964</u>
<b>Cash flows from non-capital financing activities:</b>				
Cash received from other funds	-	343,000	343,000	1,734,322
Cash paid to other funds	<u>(463,960)</u>	<u>(15,000)</u>	<u>(478,960)</u>	<u>(380,166)</u>
Net cash provided by (used for) non-capital financing activities	<u>(463,960)</u>	<u>328,000</u>	<u>(135,960)</u>	<u>1,354,156</u>
<b>Cash flows from capital and related financing activities:</b>				
Proceeds of sale of capital assets	-	36,151	36,151	44,404
Acquisition and construction of capital assets	(961,856)	(755,004)	(1,716,860)	(884,965)
Repayments on debt	(272,840)	(169,797)	(442,637)	(264,905)
Interest paid on debt	<u>(122,722)</u>	<u>(5,202)</u>	<u>(127,924)</u>	<u>(138,109)</u>
Net cash provided by (used for) financing activities	<u>(1,357,418)</u>	<u>(893,852)</u>	<u>(2,251,270)</u>	<u>(1,243,575)</u>
<b>Cash flows from investing activities:</b>				
Interest received	139,646	167,121	306,767	543,987
Receipt of deposits from County	-	-	-	30,685
Net cash provided by (used for) investing activities	<u>139,646</u>	<u>167,121</u>	<u>306,767</u>	<u>574,672</u>
Net increase (decrease) in cash and cash equivalents	(905,042)	(1,095,944)	(2,000,986)	3,846,217
Cash and cash equivalents at beginning of year	<u>4,216,376</u>	<u>5,805,760</u>	<u>10,022,136</u>	<u>6,175,919</u>
Cash and cash equivalents at end of year	<u>\$ 3,311,334</u>	<u>4,709,816</u>	<u>8,021,150</u>	<u>10,022,136</u>

See accompanying notes to financial statements.



CITY OF BUENA PARK

Combined Statement of Cash Flows - All Proprietary Fund Types

(Continued)

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 1,567,843	(1,756,292)	(188,449)	(1,334,922)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	493,550	495,797	989,347	953,245
(Increase) decrease in accounts receivable	(849,250)	12,611	(836,639)	1,505,928
(Increase) decrease in interest receivable	-	-	-	19,798
(Increase) decrease in loans receivable	-	8,867	8,867	(8,818)
(Increase) decrease in prepaid items	60	(145)	(85)	244,888
(Increase) decrease in inventory	-	-	-	1,071
(Increase) decrease in other assets	-	10,562	10,562	(11,448)
Increase (decrease) in accounts payable	(293,132)	(58,652)	(351,784)	119,908
Increase (decrease) in accrued liabilities	1,911	2,740	4,651	2,419
Increase (decrease) in accrued employee leave benefits	2,541	(27,658)	(25,117)	3,139
Increase (decrease) in deposits payable	(146,833)	-	(146,833)	123,404
Increase (decrease) in claims payable	-	614,957	614,957	1,542,352
 Total adjustments	 (791,153)	 1,059,079	 267,926	 4,495,886
 Net cash provided by (used for ) operating activities	 \$ 776,690	 (697,213)	 79,477	 3,160,964
Noncash investing, capital, and financing activities:				
Fixed assets transferred from other funds	\$ -	-	-	488,044

See accompanying notes to financial statements.

# CITY OF BUENA PARK

## Notes to Financial Statements

Year ended June 30, 2002

### (1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the City of Buena Park, California (City):

#### (a) Description of Reporting Entity

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Included within the "City of Buena Park" financial reporting entity are the Redevelopment Agency of the City of Buena Park and the Buena Park Foundation. The Agency and the Foundation are separate legal entities which are included in the City report because City Council serves as the governing body for these component units. On September 6, 1988, the City Council of Buena Park approved Resolution No. 8729 which created the Buena Park Public Financing Authority. As of June 30, 2002, the Authority has had no financial activity.

The City of Buena Park was incorporated January 27, 1953 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The Redevelopment Agency of the City of Buena Park was established April 20, 1972 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". Its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Buena Park. The funds of the Agency include a special revenue fund, a debt service fund and a capital project fund presented in the accompanying comprehensive annual financial report. The Buena Park Foundation was created September 10, 1982 and has been awarded tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Its purpose is to produce access programming to independent civic organizations and to award scholarships to students in the communications field. The Foundation is represented in the accompanying financial statements as a special revenue fund.

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(a) Description of Reporting Entity, (Continued)

Since City Council serves as the governing board for its component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. Upon their completion, financial statements of the component units can be obtained at City Hall.

(b) Fund Accounting

The basic accounting and reporting entity is a "fund." A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The accounting records of the City are organized on the basis of funds and account groups classified for reporting purposes as follows:

Governmental Funds

General Fund

The general fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenditures and capital improvement costs which are not paid through other funds.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.

Debt Service Fund

The debt service fund is used to account for that portion of tax increment revenue that is set aside for repayment of general long-term debt.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Fund Accounting, (Continued)

Proprietary Funds

Enterprise Fund

The enterprise fund is used to account for the costs (including depreciation) of providing water services to the general public and to account for the user charges by which these costs are recovered.

Internal Service Funds

The internal service funds are used to finance and account for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services are rendered.

Fiduciary Fund

Agency Fund

The agency fund is used to account for assets held by the City on behalf of other funds, governments or individuals.

Account Groups

General Fixed Assets Account Group

The general fixed assets account group is used to account for all fixed assets of the City, except for those accounted for in the proprietary funds.

Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. Contributed fixed assets are recorded as general fixed assets at fair market value when received. Fixed assets acquired under a capital lease are recorded at the net present value of future lease payments.

Certain fixed asset improvements such as: roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets.

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Fund Accounting, (Continued)

Account Groups, (Continued)

General Long-Term Debt Account Group

The general long-term debt account group is used to account for all long-term debt of the City, except for that accounted for in the proprietary funds.

(c) Measurement Focus and Basis of Accounting

Governmental (general, special revenue, debt service and capital projects) fund types are accounted for on a "spending" measurement focus. Accordingly, only current assets and current liabilities are included on their balance sheets, except for property held for resale which is recorded as a current asset in the capital projects fund type. The reported fund balance provides an indication of available, spendable resources.

Operating statements for governmental fund types report increases (revenues) and decreases (expenditures) in available spendable resources.

The proprietary (enterprise and internal service) fund types are accounted for on an "income determination" or "cost of services" measurement focus. Accordingly, all assets and liabilities are included on the balance sheet, and the reported fund equity provides an indication of the economic net worth of the fund. Operating statements for proprietary fund types report increases (revenues) and decreases (expenses) in total economic net worth.

The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

The modified accrual basis of accounting is followed by the governmental and the agency funds. Under the modified accrual basis of accounting, revenues are susceptible to accrual when they become both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred. Liabilities are considered current when they are normally expected to be liquidated with expendable available financial resources.

Property tax assessments are accrued as a receivable in the fiscal year for which they are levied. Taxes, subventions and entitlements held at year-end by an intermediary collecting government are recognized as revenue under the modified accrual basis of accounting. Reimbursement grant revenues are recognized when the related expenditures are incurred. Interest income and taxpayer-assessed taxes are recorded when measurable and available. Material delinquent and total uncollected current year property taxes (net of estimated uncollectibles) are

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(c) Measurement Focus and Basis of Accounting, (Continued)

recorded as current year receivables. Property taxes (net of estimated uncollectibles) that are levied and measurable in the current year, but not available to finance current period expenditures, are recorded as a receivable and as deferred revenues. The deferred revenues are recognized as revenue in the fiscal year in which they become available.

Licenses, permits, charges for services, and miscellaneous revenues are recorded as governmental fund revenues when received in cash because they are generally not measurable until actually received.

The accrual basis of accounting is utilized by the proprietary funds. Revenues are recognized when they are earned and expenses are recorded when the related liability is incurred. Unbilled service receivables, if material, have been recorded in the financial statements as an accrued revenue. In accordance with GASB Statement No. 20, for Proprietary Fund accounting, the City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures.

(d) Budgetary Data

The City adopts an annual budget for all of its funds, with the exception of the Debt Service Fund. Expenditures of the debt service fund are controlled by debt indentures. Annual budgets are prepared on the modified accrual basis for the governmental funds and on the accrual basis for the proprietary funds, except that depreciation is not budgeted in the proprietary funds. Under Section 2-43 of the Municipal Code, the City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after adoption. The City Manager is authorized to transfer budgeted amounts between the accounts of any department; however, any revisions that alter the total appropriations of any department within each fund must be approved by City Council. All appropriations lapse at year end. City Council approval is obtained to provide the authority to liquidate unexpended encumbrances in the ensuing year.

The 2001-02 budget adopted by City Council set forth a budget of \$48,993,168. Authorized adjustments during the year increased the budget to \$61,577,668. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. For each department within each fund, total expenditures may not legally exceed total appropriations.

CITY OF BUENA PARK  
Notes to Financial Statements  
(Continued)

(I) Summary of Significant Accounting Policies, (Continued)

(e) Operating Transfers

Operating transfers are reported as other sources and uses of funds in the statement of revenues, expenditures and changes in fund balance.

(f) Advances to Other Funds

Long-term interfund advances are recorded as a receivable and as reserved fund balance by the advancing governmental fund (net of any related deferred revenue recorded).

(g) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the fund balance, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(h) Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(i) Cash Equivalents for Statement of Cash Flows

For purposes of the statement of cash flows, cash represents demand deposits of proprietary funds held in financial institutions or in cash management pools where funds can be added or withdrawn at any time without prior notice or penalty and cash equivalents are highly liquid investments with a maturity of three months or less from the date of purchase. The change in the fair value of investments that are not cash and cash equivalents was not material to the financial statements.

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(j) Inventories

Inventories held by the general and the internal service funds are stated at cost on a first-in, first-out basis. The general fund inventories are recorded as an expenditure when used (consumption method).

(k) Property Held for Resale

Property held for resale represents land, structures and their related improvements that were acquired for resale in accordance with the objectives of the Central Business District Redevelopment Project. 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 market.

A portion of fund balance is reserved for property held for resale to indicate that a portion of fund balance is not available for future expenditures.

(l) Reserved for Loans Receivable

The reserve for loans receivable represents that portion of fund balance associated with non-current loans receivable that are not available for current expenditures.

(m) Fixed Assets - Proprietary Funds

Fixed assets purchased by proprietary funds are capitalized at historical cost. Contributed fixed assets are recorded at the fair market value on the date of contribution. Depreciation is charged to operations using a straight-line method, based on the average useful life of the asset. No depreciation is recorded on assets acquired during the year of acquisition. The estimated useful lives of the assets are as follows:

Buildings	20-45 Years
Pumping plant, reservoir, wells	15-50 Years
Distribution system	25-50 Years
Machinery and equipment	2-20 Years
Furniture and fixtures	2-20 Years

(n) Employee Leave Benefits

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.



CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(n) Employee Leave Benefits, (Continued)

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

Permanent general City employees earn from 80 to 160 vacation hours a year, depending upon their length of employment, and 96 sick leave hours a year. Employees can carry forward up to 320 hours in earned but unused vacation hours and an unlimited number of sick hours for use in the subsequent years.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave, except for those employees that have not completed twelve months of continuous service. Nonmanagement employees are not eligible for sick leave benefits upon termination if appointed on or after October 4, 1982. Other employees retiring with a minimum of 5 years service (or terminating with a minimum of 10 years service) are entitled to receive from 20% to 50% of the value of the unused sick leave for up to 960 hours.

If material, a proprietary fund liability is accrued for all earned but unused leave benefits relating to the operations of the proprietary funds. All other amounts are recorded in the general long-term debt account group. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

(o) Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service funds which account for the City's self-insurance activities.

(p) Capital Outlay

Capital outlay expenditures include purchases of general fixed assets as well as public domain or infrastructure projects which are not capitalized as additions to general fixed assets.

CITY OF BUENA PARK  
Notes to Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(q) Residual Equity Transfers

Nonroutine or nonrecurring transfers of equity between funds, including the contributions of governmental fund resources to (from) proprietary funds or fiduciary funds, the discontinuation of closed funds, and changes in fund type classifications are reported as additions to or deductions from the beginning fund balances of governmental funds.

(r) Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative fund-type data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(s) Memorandum Only Totals

"Memorandum Only" captions on the combined financial statements identify totals which are presented for overview informational purposes only and do not fairly present the financial position or the results of operations for the City of Buena Park as a whole in conformity with generally accepted accounting principles. Interfund transactions and balances have not been eliminated, therefore data in these columns do not present consolidated financial information.

(2) Cash and Investments

Cash and investments held by the City at June 30, 2002 consisted of the following:

Petty cash	\$ 26,313
Deposits	521,998
Investments	<u>70,348,103</u>
Total cash and investments	<u>\$70,896,414</u>

Cash and investments with fiscal agent at June 30, 2002 consisted of the following:

Mutual Funds	<u>\$5,136,104</u>
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CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Under the City investment policy and the California Government Code, the City and its component units are authorized to invest in the following:

	<u>Limitations</u>
U.S. Treasury Bills	No limit
U.S Government Agency Obligations	No limit
Bankers Acceptances	Maximum 20% of portfolio
Negotiable Certificates of Deposit	Maximum 30% of portfolio
Commercial Paper	Maximum 20% of portfolio
Repurchase Agreements	Maximum 15% of portfolio
Reverse Repurchase Agreements	No purchases allowed
Local Agency Investment Fund	Maximum 35% of portfolio
Mutual Fund Administered by a Major Bank	Maximum \$500,000

Under the California Government Code, a financial institution is required to secure deposits made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Deposits of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 2 also includes deposits collateralized by an interest in an undivided collateral pool held by the agent of depository and subject to certain regulatory requirements under State law. Category 3 includes deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. Category 3 also includes any uncollateralized deposits. Deposits held by the City as of June 30, 2002 are classified in the risk categories as follows:

<u>Form of Deposit</u>	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Demand deposits	<u>\$202,938</u>	<u>1,554,580</u>	<u>-</u>	<u>1,757,518</u>	<u>521,998</u>
Total deposits	<u>\$202,938</u>	<u>1,554,580</u>	<u>-</u>	<u>1,757,518</u>	<u>521,998</u>

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity at year-end. Category 1 includes investments that are insured, registered or are held by the City or its agent (other than the institution through which the City purchased the securities) in the City's name. Investments held "in the City's name" include securities held in a separate custodial or fiduciary account and identified as owned by the City in the custodian's internal accounting records. Category 2 includes uninsured and unregistered securities which are held in the City's name by the dealer's agent (or by the trust department of the dealer if the dealer was a financial institution and another department of the institution purchased the securities for the City). Category 3 includes uninsured and unregistered securities which are held by the dealer's trust department or agent, but not in the City's name. Category 3 also includes all securities held by the broker-dealer agent of the City (purchased on behalf of the City) regardless of whether or not the securities are being held in the City's name.

<u>Form of Investment</u>	<u>Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Negotiable Certificates of Deposit	\$10,750,705	-	-	10,750,705
Government-backed securities	34,351,590	-	-	34,351,590
Medium-term notes	<u>1,022,690</u>	<u>-</u>	<u>-</u>	<u>1,022,690</u>
	<u>\$46,124,985</u>	<u>-</u>	<u>-</u>	46,124,985
Investments held by the City not subject to categorization:				
Mutual Funds				549,329
Investment in State Investment Pool-LAIF				<u>23,673,789</u>
Investments held by the fiscal agent not subject to categorization:				
Investment in mutual funds				<u>5,136,104</u>
Total investments				<u>\$75,484,207</u>

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(3) Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2002 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 449,135	-
Special Revenue Funds:		
Housing and Community Development	-	251,045
Orange County Anti-Drug Abuse	-	21,009
Low and Moderate Housing	826,375	10,988
Capital Projects Fund:		
Redevelopment Capital Projects	-	<u>992,468</u>
Totals	<u>\$1,275,510</u>	<u>1,275,510</u>

(4) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balances at July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2002</u>
Land	\$ 2,915,279	-	-	2,915,279
Buildings	5,441,664	209,956	(575,790)	5,075,830
Improvements other than buildings	6,982,983	224,165	-	7,207,148
Machinery and equipment	6,712,499	446,831	(27,029)	7,132,301
Furniture and fixtures	159,034	-	-	159,034
Construction in progress	<u>472,203</u>	<u>3,718,170</u>	<u>(472,203)</u>	<u>3,718,170</u>
Totals	<u>\$22,683,662</u>	<u>4,599,122</u>	<u>(1,075,022)</u>	<u>26,207,762</u>

As of June 30, 2002, budgeted funds committed for major capital projects included the following:

	<u>Total Budgeted Amounts</u>	<u>Expended to Date</u>
City Hall Design & Construction	\$9,014,000	3,053,284
Train Station Project	895,420	450,644
Bellis Park – Picnic Shelter	207,387	152,768

CITY OF BUENA PARK  
Notes to Financial Statements  
(Continued)

**(4) Fixed Assets, (Continued)**

A summary of proprietary fund type fixed assets at June 30, 2002 follows:

	<u>Enterprise</u>	<u>Internal Service</u>
Land	\$ 2,500	-
Buildings	29,100	-
Pumping plant, reservoir and wells	5,320,683	-
Distribution system	15,731,545	-
Machinery and equipment	599,985	5,011,248
Furniture and fixtures	-	39,373
Construction in progress	<u>38,825</u>	<u>-</u>
Total	21,722,638	5,050,621
Less: accumulated depreciation	<u>(13,947,854)</u>	<u>(3,018,341)</u>
Net fixed assets	<u>\$ 7,774,784</u>	<u>2,032,280</u>

**(5) Loans Payable**

The Economic Development Administration (EDA) of the U.S. Department of Commerce loan commitment recorded in the enterprise fund requires equal annual payments of principal and interest at 5% through July 1, 2017. At June 30, 2002 the principal amount outstanding was \$109,961.

The Beach Waterline loan commitment recorded in the enterprise fund is an interest free loan that requires equal semi-annual payments through June 30, 2003. At June 30, 2002 the principal outstanding was \$161,206.

**(6) Notes Payable**

On April 17, 1996, the City entered into an agreement with the Orange County Water District (OCWD) for the acquisition, construction, installation, and operation of two new groundwater production wells. Under this agreement, OCWD will provide a loan to the City to finance all initial costs, not to exceed \$1,000,000 per well, for the design and construction of the wells. The City will repay OCWD with installment payments over a fifteen (15) year period at 3.5% interest. The note payable is recorded in the enterprise fund. As of June 30, 2002 the principal amount outstanding was \$1,619,736.

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(7) Capital Lease Payable

On July 17, 1999, the City entered into a capital lease agreement with La Salle Bank to purchase computers. The lease requires equal monthly payments of principal and interest at 4.8% through July 16, 2002. As of June 30, 2002, the principal balance outstanding was \$14,582.

(8) General Long-Term Debt

The City's financial statements reflect the following general long-term debt obligations:

	<u>Balance at June 30, 2002</u>
\$21,515,000 Tax Allocation Refunding Bonds, Series 1992A; issued November 1, 1992; \$4,745,000 of serial bonds are due in annual principal installments of \$85,000 to \$425,000 through September 1, 2002; \$16,770,000 of term bonds with annual sinking payment of \$455,000 to \$1,015,000 are due September 1, 2002 and mandatory redemption on March 1, 2003; secured by tax increment revenues; interest ranging from 3.50 to 6.60% for serial bonds and at 7.10% for term bonds. The required reserve for the Bonds is \$2,103,332. As of June 30, 2002, the reserve amount was \$2,117,018. The refunded debt was called in its entirety in 1995.	\$17,180,000
\$8,325,000 Subordinate Tax Allocation Bonds, Series 1992B; issued November 1, 1992; due in annual principal installments of \$20,000 to \$3,535,000 from March 1, 2004 through September 1, 2014; subject to optional redemption on September 1, 2002 and mandatory redemption on March 1, 2004; secured by tax increment revenues; interest at 7.80%. The required reserve for the Bond is \$816,724. As of June 30, 2002, the reserve amount was \$822,038.	8,325,000
\$8,265,000 Tax Allocation Refunding Bonds, Series 2000; issued February 2, 2000; \$8,265,000 of serial bonds are due in annual principal installments of \$550,000 to \$750,000 through September 1, 2014; bonds maturing on or after September 1, 2007; secured by tax increment revenues; interest ranging from 4.00 to 5.40%. A financial guarantee insurance policy has been issued, and accordingly, no cash reserve balance is required to be established.	<u>7,320,000</u>
Subtotal	32,825,000
Loans made by developer to City for City's acquisition of real property; interest at 8%; quarterly payments shall be at least equal to 40% of the sales tax revenue received and retained by the City.	8,240,459

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(8) General Long-Term Debt, (Continued)

	<u>Balance at June 30, 2002</u>
<p>\$3,445,000 Revenue Bonds; issued August 1, 1996; due in annual principal installments of \$160,000 to \$320,000 from August 1, 1997 through August 1, 2011; subject to mandatory redemption on August 1, 2006; interest ranging from 4.10% to 5.75%; reserve requirement of \$337,664 was fully funded at June 30, 2002; reserve funds for this issue are held on the City's behalf by the Countrywide Public Financing Authority. A portion of this obligation is recorded in the City's enterprise fund. The total obligation as of June 30, 2002 is \$2,560,000.</p>	1,587,200
<p>Employee leave benefits payable to employees upon termination. The City's policies relating to the payment of these benefits are discussed in note 1 of the notes to the financial statements.</p>	<u>2,136,778</u>
<p>Total general long-term debt</p>	<u>\$44,789,437</u>

In the debt service fund, \$16,469,454 is available to service the principal and interest requirements of the tax allocation bonds. The debt associated with the employee leave benefits is serviced by the general fund.

The following is a summary of general long-term debt transactions of the City for the year ended June 30, 2002:

	<u>Balances at July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2002</u>
Tax allocation bonds	\$33,975,000	-	(1,150,000)	32,825,000
Loans payable	7,722,705	610,404	(92,650)	8,240,459
Revenue bonds	1,708,100	-	(120,900)	1,587,200
Employee leave benefits	<u>1,986,127</u>	<u>150,651</u>	<u>-</u>	<u>2,136,778</u>
Total general long-term debt	<u>\$45,391,932</u>	<u>761,055</u>	<u>(1,363,550)</u>	<u>44,789,437</u>



CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(9) Debt Service Requirements to Maturity

The minimum annual requirements to amortize outstanding long-term debt of the City as of June 30, 2002, including interest payments of \$19,337,500 are as follows (obligations without minimum annual debt service requirements are not included):

<u>Year ending June 30</u>	<u>EDA Loan</u>	<u>Beach Waterline Loan</u>	<u>Tax Allocation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Lease Payable</u>	<u>Amount</u>
2003	\$ 10,954	80,603	3,482,997	333,132	14,582	3,922,268
2004	10,954	80,603	3,537,410	332,983	-	3,961,950
2005	10,954	-	3,586,077	332,122	-	3,929,153
2006	10,954	-	3,648,717	335,344	-	3,995,015
2007	10,954	-	3,718,652	332,683	-	4,062,289
2008	10,954	-	3,775,450	334,170	-	4,120,574
2009	10,954	-	3,838,346	334,587	-	4,183,887
2010	10,954	-	3,910,585	333,905	-	4,255,444
2011	10,954	-	3,980,681	332,092	-	4,323,727
2012	10,954	-	4,047,275	329,200	-	4,387,429
2013	10,954	-	4,119,249	-	-	4,130,203
2014	10,954	-	4,194,128	-	-	4,205,082
2015	10,954	-	5,494,147	-	-	5,505,101
2016	10,954	-	-	-	-	10,954
2017	10,954	-	-	-	-	10,954
2018	4,219	-	-	-	-	4,219
<b>Total principal and interest</b>	<b>168,529</b>	<b>161,206</b>	<b>51,333,714</b>	<b>3,330,218</b>	<b>14,582</b>	<b>55,008,249</b>
<b>Interest</b>	<b>(58,568)</b>	<b>-</b>	<b>(18,508,714)</b>	<b>(770,218)</b>	<b>-</b>	<b>(19,337,500)</b>
<b>Total principal</b>	<b><u>\$109,961</u></b>	<b><u>161,206</u></b>	<b><u>32,825,000</u></b>	<b><u>2,560,000</u></b>	<b><u>14,582</u></b>	<b><u>35,670,749</u></b>

(10) Advances to/from Other Funds

The Capital Projects Fund has received monies from the General Fund for use in its operations. These advances have no stipulated due dates and interest rates range from 3.6% to 10%. The balance outstanding at June 30, 2002 (including accrued interest of \$2,705,066) is \$8,149,732.

The \$4,410 advance payable from the General Fund is due to the Capital Projects Fund. The amount due to the Capital Projects Fund has no stipulated repayment terms and no stated interest rate.

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(11) Defined Benefit Pension Plan

Plan Description

The City of Buena Park contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. For the year ended June 30, 2002, the employer contribution rate was 0% for non-safety employees, and 0% for police employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2002, the City's annual pension cost of \$0 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method. Paragraph 9 of GASB Statement No. 27 requires that the annual required contribution reported for the current year should be based on the results of an actuarial valuation performed as of a date not more than 24 months before the beginning of the employer's fiscal year. Paragraph 22 of GASB Statement No. 27 requires that agent employers also disclose actuarial information for the most recent actuarial valuation. An actuarial valuation as of June 30, 2002 has not yet been completed and made available by PERS to the City. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level % of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

**CITY OF BUENA PARK**

**Notes to Financial Statements**

(Continued)

**(11) Defined Benefit Pension Plan, (Continued)**

**Three-Year Trend Information for PERS (\$ Amount in Thousands)**

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
06/30/00	\$0	100%	\$0
06/30/01	0	100%	0
06/30/02	0	100%	0

**Schedule of Funding Progress for PERS (\$ Amount in Thousands)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a % of Covered Payroll [(B-A)/C]</b>
<b>6/30/99</b>						
Misc.	\$ 60,939	43,727	(17,212)	139.4%	8,140	(211.4%)
Safety	<u>102,948</u>	<u>85,511</u>	<u>(17,437)</u>	<u>120.4%</u>	<u>5,733</u>	<u>(304.2%)</u>
<b>Total</b>	<b>163,887</b>	<b>129,238</b>	<b>(34,649)</b>	<b>126.8%</b>	<b>13,873</b>	<b>(249.8%)</b>
<b>6/30/00</b>						
Misc.	\$ 65,972	47,936	(18,036)	137.6%	8,619	(209.3%)
Safety	<u>111,218</u>	<u>97,332</u>	<u>(13,886)</u>	<u>114.3%</u>	<u>6,471</u>	<u>(214.6%)</u>
<b>Total</b>	<b>177,190</b>	<b>145,268</b>	<b>(31,922)</b>	<b>122.0%</b>	<b>15,090</b>	<b>(211.5%)</b>
<b>6/30/01</b>						
Misc.	\$67,083	51,240	(15,843)	130.9%	9,028	(175.5%)
Safety	<u>112,805</u>	<u>106,134</u>	<u>(6,671)</u>	<u>106.3%</u>	<u>6,913</u>	<u>(96.5%)</u>
<b>Total</b>	<b>179,888</b>	<b>157,374</b>	<b>(22,514)</b>	<b>114.3%</b>	<b>15,941</b>	<b>(141.2%)</b>

**(12) Post-Employment Benefits**

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. Potentially all of the City's employees with hire date prior to July 1, 1999 may become eligible for those benefits if they reach normal retirement age while working for the City. As of June 30, 2002, 250 retired employees were receiving benefits. The City pays monthly medical premiums ranging from \$145 to \$281 for each employee depending upon which group the employee belonged and the number of individuals covered by the policy. These benefits are provided pursuant to provisions of the State of California Employees Medical and Hospital Care Act.

The City finances these post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2002, approximately \$704,712 of post-employment benefit expenditures were recognized.

CITY OF BUENA PARK  
Notes to Financial Statements

(Continued)

**(13) Fund Balances**

Fund balances at June 30, 2002 consisted of the following reserves and designations:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>	
					<u>2002</u>	<u>2001</u>
Reserved for:						
Encumbrances	\$6,583,042	1,062,991	-	11,125	7,657,158	1,756,089
*Loans receivable	-	3,097,587	-	314,903	3,412,490	3,856,976
Property held for resale	-	-	-	5,027,065	5,027,065	11,159,846
**Advances to						
other funds	5,444,665	-	-	-	5,444,665	2,975,179
Inventory	85,938	-	-	-	85,938	76,422
Petty cash	26,213	-	-	-	26,213	26,638
Prepaid items	28,704	-	-	-	28,704	6,363
Debt service	-	-	16,459,710	-	16,459,710	13,686,706
Due from County of Orange	<u>124,233</u>	<u>142,202</u>	<u>9,744</u>	<u>197,141</u>	<u>473,320</u>	<u>567,985</u>
Total reserved fund balance	<u>12,292,795</u>	<u>4,302,780</u>	<u>16,469,454</u>	<u>5,550,234</u>	<u>38,615,263</u>	<u>34,112,204</u>
Unreserved:						
Designated for continuing capital projects	726,564	6,550,928	-	76,565	7,354,057	5,651,636
Designated for senior citizens programs	48,723	-	-	-	48,723	49,427
Designated for fire surplus funds	360,000	-	-	-	360,000	360,000
Designated for unfunded employee benefits	2,136,778	-	-	-	2,136,778	2,025,552
Designated for Council Chamber audio/visual upgrade	98,508	-	-	-	98,508	72,750
Designated for property tax refunds	566,338	-	-	-	566,338	-
Designated for Civic Center Construction	1,016,894	-	-	-	1,016,894	-
Designated for Police Department Facility Construction	100,000	-	-	100,000	200,000	4,984,492
Designated for carry-over from prior year	143,947	-	-	-	143,947	450,511
Undesignated	<u>13,369,108</u>	<u>8,931,130</u>	<u>-</u>	<u>2,018,727</u>	<u>24,318,965</u>	<u>25,265,422</u>
Total unreserved fund balance	<u>18,566,860</u>	<u>15,482,058</u>	<u>-</u>	<u>2,195,292</u>	<u>36,244,210</u>	<u>38,859,790</u>
Total fund balance	<u>\$30,859,655</u>	<u>19,784,838</u>	<u>16,469,454</u>	<u>7,745,526</u>	<u>74,859,473</u>	<u>72,971,994</u>

\* Less that portion (\$5,081,282) of deferred revenue applicable to these noncurrent loans.

\*\* Only reflects that portion of fund balance invested in interfund advances (net of deferred revenue in the amount of \$2,705,067 recorded for such advances). See note 18.

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(14) Retained Earnings

Retained earnings at June 30, 2002 consisted of the following balances:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
Reserved for:				
Self-insurance	\$ -	1,423,245	1,423,245	1,295,968
Equipment and vehicle replacement	-	1,833,195	1,833,195	1,939,084
Unreserved	<u>6,007,588</u>	<u>(2,342,425)</u>	<u>3,665,163</u>	<u>5,295,344</u>
Total retained earnings	<u>\$6,007,588</u>	<u>914,015</u>	<u>6,921,603</u>	<u>8,530,396</u>

(15) Deficit Fund Balances/Retained Earnings and Excess Expenditures

The following funds reported a deficit in fund balance/retained earnings at June 30, 2002:

Special Revenue Fund:		
Orange County Anti-Drug Abuse	\$	588
Internal Service Fund:		
Workers' Compensation Self-Insurance		3,088,656

Expenditures for the year ended June 30, 2002 exceeded appropriations in the following service areas:

	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund:			
General government:			
City council	\$ 250,381	254,399	(4,018)
City attorney	101,500	161,018	(59,518)
Non-departmental	745,100	784,520	(39,420)
Leisure:			
Recreation	1,338,845	1,342,615	(3,770)
Public protection:			
Police	11,854,142	12,162,611	(308,469)
Environmental:			
Recreation	1,960,251	1,968,237	(7,986)
Special Revenue Funds:			
Asset Forfeiture	20,000	140,071	(120,071)
Measure M Turnback	95,771	96,827	(1,056)
Residential Rehabilitation	128,150	433,519	(305,369)
Orange County Anti-Drug Abuse	83,483	109,069	(25,586)

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

(16) Property Tax Calendar

Property taxes are reported on a modified accrual basis. Accordingly, they are recognized as levied provided they meet this accrual criteria. Property taxes not meeting the accrual criteria are deferred until they are received or otherwise meet the criteria. Included in taxes receivable and deferred revenue as of June 30, 2002 was \$68,756 (\$2,723 for the City and \$66,033 for the Redevelopment Agency) of property taxes (net of uncollectibles) levied for the year ended June 30, 2002 and measurable at that date, but not available to finance current period expenditures and therefore not susceptible to accrual as revenues.

Property taxes were levied on assessed valuations on March 1, 2001 and became a lien on the property assessed on that date. Taxes on the secured rolls are payable in two installments on November 1, 2001 and February 1, 2002 and become delinquent on December 10, 2001 and April 10, 2002, respectively. Taxes on unsecured property were assessed and payable on March 1, 2001 and became delinquent the following August 31<sup>st</sup>.

All property taxes are collected by the County of Orange Tax Collector and are apportioned to participating agencies in accordance with a prearranged schedule of apportionments as follows:

<u>Apportionment Number</u>	<u>Apportionment Date</u>	<u>Percent of Levy or Actual Amount to be Apportioned</u>
<u>Secured</u>		
1	November 24, 2001	5%
2	December 10, 2001	20%
3	December 17, 2001	20%
4	January 21, 2002	Remainder of first installment
5	March 25, 2002	5%
6	April 15, 2002	30%
7	May 13, 2002	Remainder of second installment
8 Final	July 15, 2002	Collections through June 30, 2002
<u>Unsecured</u>		
1	September 23, 2001	Actual collections through August 31, 2001
2	January 14, 2002	Actual collections through December 31, 2001
3 Final	June 24, 2002	Actual collections through May 31, 2002

The state constitutional amendment Proposition 13 (now Article XIII A to the Constitution) which became effective July 1, 1978, altered the method of property tax assessment. This amendment essentially reduces the total property tax levy to one percent of full cash value on the 1975-76 assessment adjusted upward the lesser of the increase in CPI or per capita income indices or two percent compounded for each

CITY OF BUENA PARK

Notes to Financial Statements

(Continued)

**(16) Property Tax Calendar, (Continued)**

succeeding year except that property changing ownership subsequent to July 1, 1978 and improvements are reassessed at the time of the exchange or improvement and adjusted each year thereafter at the appropriate rate.

**(17) Contingent Liabilities**

In the self-insurance internal service funds, the City has recorded liabilities in the amount of \$5,026,548 for lawsuits and other claims arising in the ordinary course of City operations. The City is self-insured for workers' compensation claims up to \$300,000 and has purchased outside insurance for claims above \$300,000 up to a maximum of \$10,000,000 per occurrence. The City has purchased outside insurance coverage for individual general liability claims in excess of \$250,000 up to a maximum of \$10,000,000 per occurrence.

The City has entered into contracts with claims administrators to process claims against the City for workers' compensation and general liability claims. Liabilities have been recorded for estimated losses from claims and judgments in the amount of \$4,485,548 for workers' compensation and \$541,000 for general liability. Losses for claims incurred but not reported are recorded when the probable amount of loss can be reasonably estimated.

For the past three fiscal years, the City settled no cases at amounts in excess of the policy limits of applicable insurance coverage.

Changes in the liability claims payable for the past three fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year</u>	<u>Claims Incurred and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year</u>
1999-00	\$1,159,325	2,694,021	(984,106)	2,869,240
2000-01	2,869,240	3,969,475	(2,427,123)	4,411,592
2001-02	4,411,592	2,776,360	(2,161,404)	5,026,548

**(18) Deferred Revenue**

Deferred revenue consists primarily of delinquent property taxes and interest accrued on long-term interfund advances that are measurable, but not collected soon enough after year end to be considered available to finance current operations. These amounts have not yet been recognized as revenues nor have they been taken into fund balance. Therefore, the reservation of fund balance established for long-term advances excludes that portion of the advances resulting from the recording of deferred revenue. Only that portion of the advances that affected fund balance has been reserved.

Deferred revenue has also been recorded for federal financial assistance received by the City and invested in loans receivable. These amounts will be recognized as revenue when they become available to finance program expenditures.

CITY OF BUENA PARK  
Notes to Financial Statements

(Continued)

(18) Deferred Revenue, (Continued)

Deferred revenue at June 30, 2002 consisted of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
Interest earned but not currently collectible	\$2,705,067	790,970	-	3,496,037
Federal assistance invested in loans	-	4,290,312	-	4,290,312
Grant revenue earned, but not available	35,000	-	-	35,000
Delinquent property taxes	<u>2,723</u>	<u>-</u>	<u>66,033</u>	<u>68,756</u>
Total	<u>\$2,742,790</u>	<u>5,081,282</u>	<u>66,033</u>	<u>7,890,105</u>

(19) Due from County of Orange

On December 6, 1994, the County of Orange (Orange County) and the Orange County Investment Pool (Pool) filed petitions for bankruptcy protection under Chapter 9 of the United States Code. The City was one of over 180 participants in the Pool (Pool Participants). As of December 6, 1994, the City's Pool investment principal balance was approximately \$29,000,000, according to the records of Orange County.

A Comprehensive Settlement Agreement (Settlement) for the Pool was offered to the Pool Participants in March 1995. Pool Participants were offered a choice of two settlement options (Option A or Option B). In April, the City Council selected Option B which provided for the return of approximately \$22,000,000 plus interest of approximately \$50,000, less a professional reserve fund of approximately \$139,000 and the reservation of all rights to recover the remaining balance from all potential resources, including Orange County and third parties (i.e., brokers).

Since December 6, 1994, the City has received cash payments amounting to substantially all of its investment with the County as a result of settlement payments from the County, the County's former broker-dealers, the County's former auditors, and other parties. The remaining balance of \$618,795 is payable by the County to the City in annual payments through 2006.

(20) Restatement of Beginning Fund Balances and Retained Earnings

The accompanying financial statements reflect adjustments, which resulted in a restatement of fund balances and retained earnings for the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service fund types.



CITY OF BUENA PARK  
Notes to Financial Statements

(Continued)

**(20) Restatement of Beginning Fund Balances and Retained Earnings, (Continued)**

The City has adjusted the beginning fund balance of its Low and Moderate Housing Special Revenue Fund to record deferred revenue as of the beginning of the year relating to the loan programs of that fund.

The City had previously reported water utility and refuse charges receivable based on the amounts recorded in its general ledger. The City has adjusted beginning fund balance/retained earnings to agree the water and refuse receivable amounts to detailed subsidiary ledgers.

In previous years, the City accrued sales tax for 30 days after year end. To comply with GASB 33, the City adjusted beginning fund balance to accrue sales tax revenue for amounts received during the City's 60 day "availability" period.

In previous years, the City sold a substantial amount of land held for resale but had not deleted the land from its books. The adjustment to beginning fund balance properly states the balance of land held for resale by accounting for this unrecorded deletion.

The following schedule summarizes the effects of the prior period adjustments on the beginning fund balances and retained earnings as of July 1, 2001:

**Governmental Funds**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Fund balance at beginning of year, as previously reported	\$24,130,225	17,672,434	13,698,397	17,470,938	72,971,994
Effect of adjustments to deferred revenue	-	(307,739)	-	-	(307,739)
Effect of adjustments to refuse charges receivable	(502,652)	-	-	-	(502,652)
Effect of adjustments to sales tax receivable	961,800	-	-	-	961,800
Effect of adjustment to delete land held for resale	-	-	-	(6,132,780)	(6,132,780)
Other adjustments	<u>79,112</u>	<u>23,822</u>	<u>(1,948)</u>	<u>(1,818)</u>	<u>99,168</u>
Fund balance at beginning of year, as restated	<u>\$24,668,485</u>	<u>17,388,517</u>	<u>13,696,449</u>	<u>11,336,340</u>	<u>67,089,791</u>

CITY OF BUENA PARK  
Notes to Financial Statements  
(Continued)

(20) Restatement of Beginning Fund Balances and Retained Earnings, (Continued)

<u>Proprietary Funds</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Retained earnings at beginning of year, as previously reported	\$6,184,600	2,345,796	8,530,396
Effect of adjustments to water utility receivable	(1,385,990)	-	(1,385,990)
To adjust prior year contributed capital	-	(152,046)	(152,046)
Other adjustments	<u>65,195</u>	<u>(22,014)</u>	<u>43,181</u>
Retained earnings at beginning of year, as restated	<u>\$4,863,805</u>	<u>2,171,736</u>	<u>7,035,541</u>



## GENERAL FUND

General Fund - is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenditures and capital improvement costs which are not paid through other funds.

**CITY OF BUENA PARK**  
**General Fund**

**Schedule of Revenues - Budget and Actual**  
**Year ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>Taxes:</b>			
<b>Property taxes:</b>			
Current year - secured	\$ 4,028,000	4,377,779	349,779
Homeowner - secured	76,000	68,829	(7,171)
Public utility tax	135,000	134,968	(32)
Supplemental tax	110,000	178,998	68,998
Current year - unsecured	269,000	245,638	(23,362)
Miscellaneous property taxes	75,000	88,629	13,629
Sales and use taxes	12,750,000	13,433,850	683,850
Transient occupancy tax	3,350,000	3,783,534	433,534
Electric utility franchise tax	640,000	697,345	57,345
Gas utility franchise tax	192,000	203,689	11,689
Community refuse franchise tax	254,000	261,566	7,566
Cable TV franchise tax	415,000	387,295	(27,705)
Miscellaneous franchise tax	10,000	516	(9,484)
Business license tax	600,000	672,449	72,449
Property transfer tax	175,000	218,629	43,629
Bedroom/mobile home lot tax	60,000	77,405	17,405
Utility tax	<u>2,188,000</u>	<u>2,652,280</u>	<u>464,280</u>
<b>Total taxes</b>	<u>25,327,000</u>	<u>27,483,399</u>	<u>2,156,399</u>
<b>Licenses and permits:</b>			
Building permits	350,000	427,447	77,447
Electrical permits	28,000	40,102	12,102
Plumbing permits	22,000	24,530	2,530
Street permits	20,000	21,179	1,179
Home occupation permits	7,000	8,025	1,025
Mechanical permits	15,000	18,877	3,877
Police alarm permits	16,000	18,535	2,535
Miscellaneous permits	<u>6,000</u>	<u>5,623</u>	<u>(377)</u>
<b>Total licenses and permits</b>	<u>464,000</u>	<u>564,318</u>	<u>100,318</u>
<b>Fines and forfeitures:</b>			
Non-traffic court fines	84,000	85,398	1,398
Traffic fines	555,000	590,362	35,362
Parking fines	<u>286,000</u>	<u>288,954</u>	<u>2,954</u>
<b>Total fines and forfeitures</b>	<u>925,000</u>	<u>964,714</u>	<u>39,714</u>

(Continued on next page)

CITY OF BUENA PARK  
General Fund  
Schedule of Revenues - Budget and Actual  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>Intergovernmental:</b>			
State motor vehicle in-lieu taxes	3,760,000	4,466,960	706,960
OCATT Reimbursement	75,000	102,473	27,473
COPS More Grant reimbursement	-	-	-
Corrections training fund/STC	-	454	454
Other state grants	125,500	362,953	237,453
State off-highway licenses	1,500	2,069	569
Recycling grant	46,686	66,917	20,231
Resource officer reimbursement	65,000	32	(64,968)
<b>Total intergovernmental</b>	<u>4,073,686</u>	<u>5,001,858</u>	<u>928,172</u>
<b>Charges for services:</b>			
Zoning fees	55,000	93,482	38,482
Subdivision fees	3,000	6,273	3,273
Developer fees	-	1,200,000	1,200,000
Sales of maps and publications	11,500	30,635	19,135
Other filing and certificate fees	19,600	26,277	6,677
Abandoned vehicle abatement	83,000	87,954	4,954
Vehicle release fee	71,000	81,345	10,345
Special departmental fees	42,800	64,269	21,469
Equipment cite check	7,000	7,280	280
Booking fees	10,000	53,040	43,040
False alarm fees	5,000	3,209	(1,791)
Seismic mapping fee	10,000	-	(10,000)
Plan check fees	361,500	480,670	119,170
Engineering fees	100,000	171,299	71,299
Weed and lot cleaning	3,000	293	(2,707)
Refuse collection	2,409,000	2,437,639	28,639
Swimming pool	21,000	21,633	633
Recreation program charges	272,900	302,945	30,045
Park and recreation rents	37,600	31,427	(6,173)
Reimbursement of City services	6,500	6,300	(200)
Crime scene services	2,500	4,628	2,128
Miscellaneous charges	58,700	53,281	(5,419)
Emergency response fees	3,900	5,449	1,549
Paramedic fees	-	69,519	69,519
Paramedics subscription	575,000	493,645	(81,355)
Planning department special fees	3,000	11,750	8,750
Highway sweeping charges	20,000	9,504	(10,496)
Environmental review fees	15,000	24,274	9,274
Bus shelter fees	172,200	158,200	(14,000)
Sewer connection	15,000	3,410	(11,590)
Sports programs	28,000	25,268	(2,732)
Workers' compensation reimbursement	5,000	-	(5,000)
Reimbursable revenue	70,000	70,000	-
<b>Total charges for services</b>	<u>4,497,700</u>	<u>6,034,898</u>	<u>1,537,198</u>

(Continued on next page)

CITY OF BUENA PARK  
General Fund

Schedule of Revenues - Budget and Actual

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable Unfavorable</u>
Investment income	\$ 875,000	1,035,737	160,737
Total investment income	<u>875,000</u>	<u>1,035,737</u>	<u>160,737</u>
Interest on RDA advances	-	2,719,487	2,719,487
Total interest on RDA advances	<u>-</u>	<u>2,719,487</u>	<u>2,719,487</u>
Sale of property	2,000	-	(2,000)
Total sale of property	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Miscellaneous:			
Rents and concessions	61,700	77,237	15,537
Contributions	1,000	18,730	17,730
Other revenues	124,500	90,245	(34,255)
Total miscellaneous	<u>187,200</u>	<u>186,212</u>	<u>(988)</u>
Total revenues	<u>\$ 36,351,586</u>	<u>43,990,623</u>	<u>7,639,037</u>

CITY OF BUENA PARK  
General Fund

Schedule of Expenditures - Budget and Actual - Department Level  
Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>General government:</b>			
City council	\$ 250,381	254,399	(4,018)
City manager	567,948	566,520	1,428
Community support	502,226	481,090	21,136
City attorney	101,500	161,018	(59,518)
City clerk	349,721	347,080	2,641
Human resources	658,881	619,732	39,149
Finance	614,786	543,191	71,595
Public works	883,871	727,539	156,332
Non-departmental	745,100	784,520	(39,420)
<b>Total general government</b>	<u>4,674,414</u>	<u>4,485,089</u>	<u>189,325</u>
<b>Leisure:</b>			
Recreation	<u>1,338,845</u>	<u>1,342,615</u>	<u>(3,770)</u>
<b>Transportation:</b>			
Police	1,464,307	1,380,812	83,495
Public works	<u>2,143,174</u>	<u>1,980,886</u>	<u>162,288</u>
<b>Total transportation</b>	<u>3,607,481</u>	<u>3,361,698</u>	<u>245,783</u>
<b>Public protection:</b>			
Development services	283,810	240,051	43,759
Fire	5,769,314	5,719,458	49,856
Police	11,854,142	12,162,611	(308,469)
Public works	<u>530,000</u>	<u>429,693</u>	<u>100,307</u>
<b>Total public protection</b>	<u>18,437,266</u>	<u>18,551,813</u>	<u>(114,547)</u>
<b>Development:</b>			
Development services	987,290	949,518	37,772
Public works	<u>321,165</u>	<u>317,042</u>	<u>4,123</u>
<b>Total development</b>	<u>1,308,455</u>	<u>1,266,560</u>	<u>41,895</u>
<b>Environmental:</b>			
Recreation	<u>1,960,251</u>	<u>1,968,237</u>	<u>(7,986)</u>
<b>Health:</b>			
Public works	<u>2,531,398</u>	<u>2,317,438</u>	<u>213,960</u>
Capital outlay	<u>266,594</u>	<u>243,141</u>	<u>23,453</u>
<b>Debt service:</b>			
Principal retirement	120,900	120,900	-
Interest and other charges	<u>191,323</u>	<u>91,323</u>	<u>100,000</u>
<b>Total debt service</b>	<u>312,223</u>	<u>212,223</u>	<u>100,000</u>
<b>Total expenditures</b>	<u>\$ 34,436,927</u>	<u>33,748,814</u>	<u>688,113</u>





## SPECIAL REVENUE FUNDS

Asset Forfeiture Fund - to account for assets seized as a result of drug enforcement activities.

Proposition 172 Police Augmentation Fund - to account for the half-cent sales tax remitted to the City from other governmental agencies to be expended for public safety.

State Gasoline Tax Fund - to account for street and maintenance projects of the public works department. Financing is provided by the City's allocation of State gasoline taxes.

Measure M Turnback Fund - to account for various transportation projects associated with Measure M funding.

Residential Rehabilitation Fund - to account for revenue received from Department of Housing and Urban Development for housing improvements projects of the planning and public works departments.

HOME Deferred Loans Fund - to account for grant monies received for first-time homebuyer downpayment assistance program.

Local Law Enforcement Block Grant Fund - to account for grant monies received for local law enforcement activities.

Orange County Anti-Drug Abuse Fund - to account for revenue received for a multi-jurisdiction anti-drug task force.

AB2766/AQMD Fund - to account for AB2766/AQMD revenue received for air quality improvement projects.

Traffic Congestion Relief Fund - to account for the Governor's transportation congestion relief program revenue received for the repair and reconstruction of streets.

COPS/SLESF Fund - to account for COPS/SLESF revenue received for policing and law enforcement activities.

Housing and Community Development Fund - to account for commercial and residential improvement projects of the planning, economic development, and public works departments. Financing is provided by a federal grant from the Department of Housing and Urban Development.

Low and Moderate Housing Fund - to account for approved improvements to City residential structures for persons of low and moderate income. Financing is provided by a portion of property tax increment monies collected by the County.

Buena Park Foundation Fund - to account for costs incurred in providing cable television access to independent civic organizations and to award scholarships to students interested in the communication field. Financing is provided by a contribution made by the cable television company which has been awarded the franchise rights for community cable television services.

CITY OF BUENA PARK  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2002

<u>Assets</u>	<u>Asset Forfeiture</u>	<u>Prop. 172 Police Augmentation</u>	<u>State Gasoline Tax</u>	<u>Measure M Turnback</u>	<u>Residential Rehabilitation</u>	<u>HOME Deferred Loans</u>	<u>Local Law Enforcement Block Grant</u>
Cash and investments	\$ 382,709	677,178	6,588,252	3,109,971	542,338	280,718	91,361
Accounts receivable	4,812	47,661	509,472	-	22,500	40,831	-
Interest receivable	2,623	5,532	46,673	21,314	10,142	1,924	626
Loans receivable	-	-	-	-	1,840,500	2,051,195	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	3,765	-	-	-	-	-	-
Due from County of Orange	2,662	966	80,442	26,167	-	-	-
<b>Total assets</b>	<b>\$ 396,571</b>	<b>731,337</b>	<b>7,224,839</b>	<b>3,157,452</b>	<b>2,415,480</b>	<b>2,374,668</b>	<b>91,987</b>
<u>Liabilities and Fund Balances</u>							
<b>Liabilities:</b>							
Accounts payable	\$ -	-	-	-	-	42,354	-
Accrued liabilities	-	2,927	1,857	1,793	-	-	2,663
Due to other funds	-	-	-	-	-	-	-
Deposits payable	73,379	-	-	-	-	-	-
Loans payable	-	-	-	-	115,229	-	-
Deferred revenue	-	-	-	-	1,840,500	2,051,195	-
<b>Total liabilities</b>	<b>73,379</b>	<b>2,927</b>	<b>1,857</b>	<b>1,793</b>	<b>1,955,729</b>	<b>2,093,549</b>	<b>2,663</b>
<b>Fund balances (deficit):</b>							
Reserved for encumbrances	-	-	564,490	209,898	-	-	-
Reserved for loans receivable	-	-	-	-	-	-	-
Reserved for due from County of Orange	2,662	966	80,442	26,167	-	-	-
Unreserved	320,530	727,444	6,578,050	2,919,594	459,751	281,119	89,324
<b>Total fund balances (deficit)</b>	<b>323,192</b>	<b>728,410</b>	<b>7,222,982</b>	<b>3,155,659</b>	<b>459,751</b>	<b>281,119</b>	<b>89,324</b>
<b>Total liabilities and fund balances</b>	<b>\$ 396,571</b>	<b>731,337</b>	<b>7,224,839</b>	<b>3,157,452</b>	<b>2,415,480</b>	<b>2,374,668</b>	<b>91,987</b>

Orange County Anti-Drug Abuse	AB 2766/ AOMD	Traffic Congestion Relief	COPS/ SLESF	Housing and Community Development	Low and Moderate Housing	Buena Park Foundation	Totals	
							2002	2001
-	578,180	202,827	4,649	-	2,641,769	34,203	15,134,155	13,306,353
22,500	-	17,309	-	306	30,000	1,236	696,627	371,402
-	3,962	1,390	-	-	29,342	86	123,614	14,912
-	-	-	-	91,814	4,195,360	-	8,178,869	7,306,674
-	-	-	-	-	826,375	-	826,375	826,375
-	-	-	-	311,037	29,143	-	343,945	177,521
-	-	-	-	-	31,965	-	142,202	170,637
<u>22,500</u>	<u>582,142</u>	<u>221,526</u>	<u>4,649</u>	<u>403,157</u>	<u>7,783,954</u>	<u>35,525</u>	<u>25,445,787</u>	<u>22,173,874</u>
-	-	-	-	27,467	5,391	8,198	83,410	109,306
2,079	-	-	4,649	8,639	-	-	24,607	22,353
21,009	-	-	-	251,045	10,988	-	283,042	316,828
-	-	-	-	-	-	-	73,379	87,477
-	-	-	-	-	-	-	115,229	123,403
-	-	-	-	91,814	1,097,773	-	5,081,282	3,842,073
<u>23,088</u>	<u>-</u>	<u>-</u>	<u>4,649</u>	<u>378,965</u>	<u>1,114,152</u>	<u>8,198</u>	<u>5,660,949</u>	<u>4,501,440</u>
-	189,793	-	-	98,810	-	-	1,062,991	6,399
-	-	-	-	-	3,097,587	-	3,097,587	3,597,490
-	-	-	-	-	31,965	-	142,202	170,637
(588)	392,349	221,526	-	(74,618)	3,540,250	27,327	15,482,058	13,897,908
(588)	582,142	221,526	-	24,192	6,669,802	27,327	19,784,838	17,672,434
<u>22,500</u>	<u>582,142</u>	<u>221,526</u>	<u>4,649</u>	<u>403,157</u>	<u>7,783,954</u>	<u>35,525</u>	<u>25,445,787</u>	<u>22,173,874</u>

CITY OF BUENA PARK  
Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Asset Forfeiture</u>	<u>Prop. 172 Police Augmentation</u>	<u>State Gasoline Tax</u>	<u>Measure M Turnback</u>	<u>Residential Rehabilitation</u>	<u>HOME Deferred Loans</u>	<u>Local Law Enforcement Block Grant</u>
Revenues:							
Taxes	\$ -	-	-	-	-	-	-
Fines and forfeitures	108,257	-	-	-	-	-	-
Intergovernmental	41,408	273,852	2,989,835	927,415	177,513	144,589	217,676
Investment income	15,907	30,777	259,064	120,551	49,080	25,583	3,154
Miscellaneous	-	-	-	-	800	-	-
<b>Total revenues</b>	<u>165,572</u>	<u>304,629</u>	<u>3,248,899</u>	<u>1,047,966</u>	<u>227,393</u>	<u>170,172</u>	<u>220,830</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Transportation	-	-	109,415	96,827	-	-	-
Public protection	51,501	133,081	-	-	-	-	81,721
Development	-	-	-	-	433,519	12	-
Capital outlay	<u>88,570</u>	-	-	-	-	-	<u>9,476</u>
<b>Total expenditures</b>	<u>140,071</u>	<u>133,081</u>	<u>109,415</u>	<u>96,827</u>	<u>433,519</u>	<u>12</u>	<u>91,197</u>
Excess (deficiency) of revenues over expenditures	<u>25,501</u>	<u>171,548</u>	<u>3,139,484</u>	<u>951,139</u>	<u>(206,126)</u>	<u>170,160</u>	<u>129,633</u>
Other financing sources (uses):							
Operating transfers in	-	-	-	588,274	-	-	-
Operating transfers out	-	(145,742)	(1,436,483)	(1,387,793)	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(145,742)</u>	<u>(1,436,483)</u>	<u>(799,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	25,501	25,806	1,703,001	151,620	(206,126)	170,160	129,633
Fund balances (deficit) at beginning of year, as restated	<u>297,691</u>	<u>702,604</u>	<u>5,519,981</u>	<u>3,004,039</u>	<u>665,877</u>	<u>110,959</u>	<u>(40,309)</u>
Fund balances (deficit) at end of year	<u>\$ 323,192</u>	<u>728,410</u>	<u>7,222,982</u>	<u>3,155,659</u>	<u>459,751</u>	<u>281,119</u>	<u>89,324</u>

Orange County Anti-Drug Abuse	AB 2766/ AQMD	Traffic Congestion Relief	COPS/ SLESF	Housing and Community Development	Low and Moderate Housing	Buena Park Foundation	Totals	
							2002	2001
-	-	-	-	-	998,491	-	998,491	475,829
-	-	-	-	-	-	-	108,257	176,403
90,000	66,343	199,313	160,344	1,228,528	-	-	6,516,816	5,456,423
-	25,047	22,213	31	3,876	141,283	533	697,099	970,867
-	-	-	-	863	178,457	59,075	239,195	187,133
<u>90,000</u>	<u>91,390</u>	<u>221,526</u>	<u>160,375</u>	<u>1,233,267</u>	<u>1,318,231</u>	<u>59,608</u>	<u>8,559,858</u>	<u>7,266,655</u>
-	-	-	-	-	30,390	67,110	97,500	103,553
-	-	-	-	-	-	-	206,242	226,548
109,069	-	-	218,726	-	-	-	594,098	607,462
-	-	-	-	869,239	325,055	-	1,627,825	865,781
-	-	-	-	-	-	1,878	99,924	49,727
<u>109,069</u>	<u>-</u>	<u>-</u>	<u>218,726</u>	<u>869,239</u>	<u>355,445</u>	<u>68,988</u>	<u>2,625,589</u>	<u>1,853,071</u>
<u>(19,069)</u>	<u>91,390</u>	<u>221,526</u>	<u>(58,351)</u>	<u>364,028</u>	<u>962,786</u>	<u>(9,380)</u>	<u>5,934,269</u>	<u>5,413,584</u>
-	-	-	130,092	-	-	-	718,366	2,540
-	(339,773)	(588,274)	-	(358,249)	-	-	(4,256,314)	(3,977,045)
-	(339,773)	(588,274)	130,092	(358,249)	-	-	(3,537,948)	(3,974,505)
(19,069)	(248,383)	(366,748)	71,741	5,779	962,786	(9,380)	2,396,321	1,439,079
<u>18,481</u>	<u>830,525</u>	<u>588,274</u>	<u>(71,741)</u>	<u>18,413</u>	<u>5,707,016</u>	<u>36,707</u>	<u>17,388,517</u>	<u>16,233,355</u>
<u>(588)</u>	<u>582,142</u>	<u>221,526</u>	<u>-</u>	<u>24,192</u>	<u>6,669,802</u>	<u>27,327</u>	<u>19,784,838</u>	<u>17,672,434</u>

CITY OF BUENA PARK  
Asset Forfeiture Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Fines and forfeitures	\$ 150,000	108,257	(41,743)	176,403
Intergovernmental	-	41,408	41,408	-
Investment income	<u>11,200</u>	<u>15,907</u>	<u>4,707</u>	<u>17,869</u>
<b>Total revenues</b>	<u>161,200</u>	<u>165,572</u>	<u>4,372</u>	<u>194,272</u>
<b>Expenditures:</b>				
Current:				
Public protection	20,000	51,501	(31,501)	54,384
Capital outlay	<u>-</u>	<u>88,570</u>	<u>(88,570)</u>	<u>-</u>
<b>Total expenditures</b>	<u>20,000</u>	<u>140,071</u>	<u>(120,071)</u>	<u>54,384</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	141,200	25,501	(115,699)	139,888
<b>Fund balances at beginning of year, as restated</b>	<u>297,691</u>	<u>297,691</u>	<u>-</u>	<u>106,077</u>
<b>Fund balances at end of year</b>	<u>\$ 438,891</u>	<u>323,192</u>	<u>(115,699)</u>	<u>245,965</u>

CITY OF BUENA PARK  
Proposition 172 Police Augmentation Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 252,000	273,852	21,852	300,309
Investment income	<u>26,200</u>	<u>30,777</u>	<u>4,577</u>	<u>37,963</u>
<b>Total revenues</b>	<u>278,200</u>	<u>304,629</u>	<u>26,429</u>	<u>338,272</u>
<b>Expenditures:</b>				
Current:				
Public protection	148,362	133,081	15,281	144,909
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,361</u>
<b>Total expenditures</b>	<u>148,362</u>	<u>133,081</u>	<u>15,281</u>	<u>155,270</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>129,838</u>	<u>171,548</u>	<u>41,710</u>	<u>183,002</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>(15,650)</u>	<u>(145,742)</u>	<u>(130,092)</u>	<u>(15,650)</u>
<b>Total other financing sources (uses)</b>	<u>(15,650)</u>	<u>(145,742)</u>	<u>(130,092)</u>	<u>(15,650)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	114,188	25,806	(88,382)	167,352
<b>Fund balances at beginning of year, as restated</b>	<u>702,604</u>	<u>702,604</u>	<u>-</u>	<u>535,444</u>
<b>Fund balances at end of year</b>	<u>\$ 816,792</u>	<u>728,410</u>	<u>(88,382)</u>	<u>702,796</u>



**CITY OF BUENA PARK**  
**State Gas Tax Fund**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level**

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 1,372,500	2,989,835	1,617,335	2,017,303
Investment income	260,000	259,064	(936)	397,344
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,165</u>
<b>Total revenues</b>	<u>1,632,500</u>	<u>3,248,899</u>	<u>1,616,399</u>	<u>2,510,812</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation	<u>137,459</u>	<u>109,415</u>	<u>28,044</u>	<u>84,342</u>
<b>Total expenditures</b>	<u>137,459</u>	<u>109,415</u>	<u>28,044</u>	<u>84,342</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,495,041</u>	<u>3,139,484</u>	<u>1,644,443</u>	<u>2,426,470</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>(5,616,062)</u>	<u>(1,436,483)</u>	<u>4,179,579</u>	<u>(2,485,201)</u>
<b>Total other financing sources (uses)</b>	<u>(5,616,062)</u>	<u>(1,436,483)</u>	<u>4,179,579</u>	<u>(2,485,201)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(4,121,021)</u>	<u>1,703,001</u>	<u>5,824,022</u>	<u>(58,731)</u>
<b>Fund balances at beginning of year, as restated</b>	<u>5,519,981</u>	<u>5,519,981</u>	<u>-</u>	<u>5,594,797</u>
<b>Fund balances at end of year</b>	<u>\$ 1,398,960</u>	<u>7,222,982</u>	<u>5,824,022</u>	<u>5,536,066</u>

CITY OF BUENA PARK  
Measure M Turnback Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 684,000	927,415	243,415	837,721
Investment income	160,000	120,551	(39,449)	198,398
Miscellaneous	-	-	-	572
<b>Total revenues</b>	<u>844,000</u>	<u>1,047,966</u>	<u>203,966</u>	<u>1,036,691</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation	<u>95,771</u>	<u>96,827</u>	<u>(1,056)</u>	<u>142,206</u>
<b>Total expenditures</b>	<u>95,771</u>	<u>96,827</u>	<u>(1,056)</u>	<u>142,206</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>748,229</u>	<u>951,139</u>	<u>202,910</u>	<u>894,485</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	588,274	588,274	-
Operating transfers out	<u>(3,502,277)</u>	<u>(1,387,793)</u>	<u>2,114,484</u>	<u>(986,511)</u>
<b>Total other financing sources (uses)</b>	<u>(3,502,277)</u>	<u>(799,519)</u>	<u>2,702,758</u>	<u>(986,511)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(2,754,048)</u>	<u>151,620</u>	<u>2,905,668</u>	<u>(92,026)</u>
<b>Fund balances at beginning of year, as restated</b>	<u>3,004,039</u>	<u>3,004,039</u>	<u>-</u>	<u>3,101,298</u>
<b>Fund balances at end of year</b>	<u>\$ 249,991</u>	<u>3,155,659</u>	<u>2,905,668</u>	<u>3,009,272</u>

CITY OF BUENA PARK  
Residential Rehabilitation Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 85,000	177,513	92,513	169,149
Investment income	55,000	49,080	(5,920)	69,285
Miscellaneous	<u>200</u>	<u>800</u>	<u>600</u>	<u>600</u>
<b>Total revenues</b>	<u>140,200</u>	<u>227,393</u>	<u>87,193</u>	<u>239,034</u>
<b>Expenditures:</b>				
Current:				
Development	<u>128,150</u>	<u>433,519</u>	<u>(305,369)</u>	<u>183,209</u>
<b>Total expenditures</b>	<u>128,150</u>	<u>433,519</u>	<u>(305,369)</u>	<u>183,209</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	12,050	(206,126)	(218,176)	55,825
<b>Fund balances at beginning of year</b>	<u>665,877</u>	<u>665,877</u>	<u>-</u>	<u>610,052</u>
<b>Fund balances at end of year</b>	<u>\$ 677,927</u>	<u>459,751</u>	<u>(218,176)</u>	<u>665,877</u>

CITY OF BUENA PARK  
HOME Deferred Loans Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 500	144,589	144,089	54,104
Investment income	<u>3,500</u>	<u>25,583</u>	<u>22,083</u>	<u>16,479</u>
<b>Total revenues</b>	<u>4,000</u>	<u>170,172</u>	<u>166,172</u>	<u>70,583</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Development	<u>328</u>	<u>12</u>	<u>316</u>	<u>197</u>
<b>Total expenditures</b>	<u>328</u>	<u>12</u>	<u>316</u>	<u>197</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	3,672	170,160	166,488	70,386
<b>Fund balances at beginning of year</b>	<u>110,959</u>	<u>110,959</u>	<u>-</u>	<u>40,573</u>
<b>Fund balances at end of year</b>	<u>\$ 114,631</u>	<u>281,119</u>	<u>166,488</u>	<u>110,959</u>

**CITY OF BUENA PARK**  
**Local Law Enforcement Block Grant Fund**

**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual - Department Level**

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 98,844	217,676	118,832	48,874
Investment income	<u>300</u>	<u>3,154</u>	<u>2,854</u>	<u>3,169</u>
 Total revenues	 <u>99,144</u>	 <u>220,830</u>	 <u>121,686</u>	 <u>52,043</u>
 <b>Expenditures:</b>				
Current:				
Public protection	102,656	81,721	20,935	77,047
Capital outlay	<u>-</u>	<u>9,476</u>	<u>(9,476)</u>	<u>30,697</u>
 Total expenditures	 <u>102,656</u>	 <u>91,197</u>	 <u>11,459</u>	 <u>107,744</u>
 Excess (deficiency) of revenues over (under) expenditures	 (3,512)	 129,633	 133,145	 (55,701)
 Fund balances at beginning of year	 <u>(40,309)</u>	 <u>(40,309)</u>	 <u>-</u>	 <u>15,392</u>
 Fund balances (deficit) at end of year	 <u>\$ (43,821)</u>	 <u>89,324</u>	 <u>133,145</u>	 <u>(40,309)</u>

CITY OF BUENA PARK  
Orange County Anti-Drug Abuse Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 78,000	90,000	12,000	111,289
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>78,000</u>	<u>90,000</u>	<u>12,000</u>	<u>111,289</u>
<b>Expenditures:</b>				
Current:				
Public protection	<u>83,483</u>	<u>109,069</u>	<u>(25,586)</u>	<u>88,451</u>
<b>Total expenditures</b>	<u>83,483</u>	<u>109,069</u>	<u>(25,586)</u>	<u>88,451</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(5,483)	(19,069)	(13,586)	22,838
<b>Fund balances (deficit) at beginning of year</b>	<u>18,481</u>	<u>18,481</u>	<u>-</u>	<u>(4,357)</u>
<b>Fund balances at end of year</b>	<u>\$ 12,998</u>	<u>(588)</u>	<u>(13,586)</u>	<u>18,481</u>

CITY OF BUENA PARK  
AB2766/AQMD Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 85,000	66,343	(18,657)	86,014
Investment income	<u>35,400</u>	<u>25,047</u>	<u>(10,353)</u>	<u>49,492</u>
<b>Total revenues</b>	<u>120,400</u>	<u>91,390</u>	<u>(29,010)</u>	<u>135,506</u>
<b>Expenditures:</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>120,400</u>	<u>91,390</u>	<u>(29,010)</u>	<u>135,506</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>(784,549)</u>	<u>(339,773)</u>	<u>444,776</u>	<u>(17,480)</u>
<b>Total other financing sources (uses)</b>	<u>(784,549)</u>	<u>(339,773)</u>	<u>444,776</u>	<u>(17,480)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(664,149)</u>	<u>(248,383)</u>	<u>415,766</u>	<u>118,026</u>
<b>Fund balances at beginning of year</b>	<u>830,525</u>	<u>830,525</u>	<u>-</u>	<u>712,499</u>
<b>Fund balances at end of year</b>	<u>\$ 166,376</u>	<u>582,142</u>	<u>415,766</u>	<u>830,525</u>

CITY OF BUENA PARK  
Traffic Congestion Relief Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 137,000	199,313	62,313	550,744
Investment income	<u>5,000</u>	<u>22,213</u>	<u>17,213</u>	<u>37,530</u>
<b>Total revenues</b>	<u>142,000</u>	<u>221,526</u>	<u>79,526</u>	<u>588,274</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>142,000</u>	<u>221,526</u>	<u>79,526</u>	<u>588,274</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>-</u>	<u>(588,274)</u>	<u>(588,274)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(588,274)</u>	<u>(588,274)</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>142,000</u>	<u>(366,748)</u>	<u>(508,748)</u>	<u>588,274</u>
<b>Fund balances at beginning of year</b>	<u>588,274</u>	<u>588,274</u>	<u>-</u>	<u>-</u>
<b>Fund balances at end of year</b>	<u>\$ 730,274</u>	<u>221,526</u>	<u>(508,748)</u>	<u>588,274</u>



CITY OF BUENA PARK  
COPS/SLESF Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 168,000	160,344	(7,656)	167,718
Investment income	<u>2,200</u>	<u>31</u>	<u>(2,169)</u>	<u>1,191</u>
<b>Total revenues</b>	<u>170,200</u>	<u>160,375</u>	<u>(9,825)</u>	<u>168,909</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public protection	<u>232,806</u>	<u>218,726</u>	<u>14,080</u>	<u>242,671</u>
<b>Total expenditures</b>	<u>232,806</u>	<u>218,726</u>	<u>14,080</u>	<u>242,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,606)</u>	<u>(58,351)</u>	<u>4,255</u>	<u>(73,762)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	<u>-</u>	<u>130,092</u>	<u>130,092</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>130,092</u>	<u>130,092</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(62,606)	71,741	134,347	73,762
Fund balances at beginning of year	<u>(71,741)</u>	<u>(71,741)</u>	<u>-</u>	<u>2,021</u>
Fund balances (deficit) at end of year	<u>\$ (134,347)</u>	<u>-</u>	<u>134,347</u>	<u>(71,741)</u>

CITY OF BUENA PARK  
Housing and Community Development Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 1,241,796	1,228,528	(13,268)	1,113,198
Investment income	5,500	3,876	(1,624)	4,309
Miscellaneous	<u>1,000</u>	<u>863</u>	<u>(137)</u>	<u>866</u>
<b>Total revenues</b>	<u>1,248,296</u>	<u>1,233,267</u>	<u>(15,029)</u>	<u>1,118,373</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Development	<u>1,010,340</u>	<u>869,239</u>	<u>141,101</u>	<u>639,461</u>
<b>Total expenditures</b>	<u>1,010,340</u>	<u>869,239</u>	<u>141,101</u>	<u>639,461</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>237,956</u>	<u>364,028</u>	<u>126,072</u>	<u>478,912</u>
<b>Other financing sources (uses):</b>				
Operating transfers in				2,540
Operating transfers out	<u>(918,137)</u>	<u>(358,249)</u>	<u>559,888</u>	<u>(472,203)</u>
<b>Total other financing sources (uses)</b>	<u>(918,137)</u>	<u>(358,249)</u>	<u>559,888</u>	<u>(469,663)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	(680,181)	5,779	685,960	9,249
<b>Fund balances at beginning of year, as restated</b>	<u>18,413</u>	<u>18,413</u>	<u>-</u>	<u>10,101</u>
<b>Fund balances (deficit) at end of year</b>	<u>\$ (661,768)</u>	<u>24,192</u>	<u>685,960</u>	<u>19,350</u>

CITY OF BUENA PARK  
Low and Moderate Housing Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Taxes	\$ 482,421	998,491	516,070	475,829
Investment income	81,500	141,283	59,783	137,073
Miscellaneous	-	178,457	178,457	8,930
	<u>563,921</u>	<u>1,318,231</u>	<u>754,310</u>	<u>621,832</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
<b>Current:</b>				
General government	52,755	30,390	22,365	27,966
Development	330,852	325,055	5,797	42,914
	<u>383,607</u>	<u>355,445</u>	<u>28,162</u>	<u>70,880</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over (under) expenditures	180,314	962,786	782,472	550,952
Fund balances at beginning of year	<u>5,707,016</u>	<u>5,707,016</u>	<u>-</u>	<u>5,469,260</u>
Fund balances at end of year	<u>\$ 5,887,330</u>	<u>6,669,802</u>	<u>782,472</u>	<u>6,020,212</u>

CITY OF BUENA PARK  
Buena Park Foundation Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Investment income	\$ -	533	533	765
Miscellaneous	<u>80,000</u>	<u>59,075</u>	<u>(20,925)</u>	<u>80,000</u>
<b>Total revenues</b>	<u>80,000</u>	<u>59,608</u>	<u>(20,392)</u>	<u>80,765</u>
<b>Expenditures:</b>				
Current:				
General government	79,840	67,110	12,730	75,587
Capital outlay	<u>15,000</u>	<u>1,878</u>	<u>13,122</u>	<u>8,669</u>
<b>Total expenditures</b>	<u>94,840</u>	<u>68,988</u>	<u>25,852</u>	<u>84,256</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(14,840)	(9,380)	5,460	(3,491)
<b>Fund balances at beginning of year</b>	<u>36,707</u>	<u>36,707</u>	<u>-</u>	<u>40,198</u>
<b>Fund balances at end of year</b>	<u>\$ 21,867</u>	<u>27,327</u>	<u>5,460</u>	<u>36,707</u>



## DEBT SERVICE FUND

Debt Service Fund - to account for that portion of tax increment revenue that is set aside for repayment of general long-term debt.

CITY OF BUENA PARK  
Debt Service Fund

Comparative Balance Sheet

June 30, 2002 and 2001

<u>Assets</u>	<u>2002</u>	<u>2001</u>
Cash and investments	\$ 12,932,416	10,219,788
Cash and investments with fiscal agent	3,337,334	3,384,032
Accounts receivable	-	2,709
Interest receivable	74,434	-
Taxes receivable	66,033	97,441
Due from other funds	-	38,645
Due from other governments	115,546	76,552
Due from County of Orange	<u>9,744</u>	<u>11,691</u>
 Total assets	 <u>\$ 16,535,507</u>	 <u>13,830,858</u>
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 20	35,020
Deferred revenue	<u>66,033</u>	<u>97,441</u>
 Total liabilities	 <u>66,053</u>	 <u>132,461</u>
Fund balances:		
Reserved for debt service	16,459,710	13,686,706
Reserved for due from County of Orange	<u>9,744</u>	<u>11,691</u>
 Total fund balances	 <u>16,469,454</u>	 <u>13,698,397</u>
 Total liabilities and fund balances	 <u>\$ 16,535,507</u>	 <u>13,830,858</u>

CITY OF BUENA PARK  
Debt Service Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances  
Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>Revenues:</b>		
Taxes	\$ 5,878,618	6,151,642
Investment income	574,279	841,589
Miscellaneous	<u>-</u>	<u>6,459</u>
Total revenues	<u>6,452,897</u>	<u>6,999,690</u>
<b>Expenditures:</b>		
<b>Debt service:</b>		
Principal retirement	1,150,000	1,200,000
Interest and other charges	<u>2,804,910</u>	<u>2,807,286</u>
Total expenditures	<u>3,954,910</u>	<u>4,007,286</u>
Excess (deficiency) of revenues over expenditures	<u>2,497,987</u>	<u>2,992,404</u>
<b>Other financing sources (uses):</b>		
Operating transfers in	525,018	405,368
Operating transfers out	<u>(250,000)</u>	<u>(250,000)</u>
Total other financing sources (uses)	<u>275,018</u>	<u>155,368</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,773,005	3,147,772
Fund balances at beginning of year, as restated	<u>13,696,449</u>	<u>10,550,625</u>
Fund balances at end of year	<u>\$16,469,454</u>	<u>13,698,397</u>





## CAPITAL PROJECTS FUNDS

Park In-Lieu Fund – to account for recreational development projects financed by developer fees paid in-lieu of park development.

Public Works Capital Projects Fund – to account for major capital projects.

Redevelopment Capital Projects Fund – to account for financial resources to be used for the development and redevelopment associated with the Central Business District Redevelopment Project, Redevelopment Project Area II, and Redevelopment Project Area III.

CITY OF BUENA PARK  
Capital Projects Funds

Combining Balance Sheet

June 30, 2002

<u>Assets</u>	Park <u>In-Lieu</u>	Public Works Capital <u>Projects</u>	Redevelopment Capital <u>Projects</u>	<u>Totals</u>	
				<u>2002</u>	<u>2001</u>
Cash and investments	\$481,674	699,090	11,269,577	12,450,341	15,615,663
Accounts receivable	-	-	-	-	54,612
Interest receivable	3,301	-	69,307	72,608	292,371
Loans receivable	-	-	314,903	314,903	259,486
Due from other funds	-	-	-	-	1,396
Due from County of Orange	4,853	-	192,288	197,141	236,573
Prepaid items	-	-	452	452	-
Advances to other funds	-	-	4,410	4,410	-
Property held for resale	-	-	5,027,065	5,027,065	11,159,846
<b>Total assets</b>	<b>\$489,828</b>	<b>699,090</b>	<b>16,878,002</b>	<b>18,066,920</b>	<b>27,619,947</b>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	598,450	4,617	603,067	783,456
Due to other funds	-	-	992,468	992,468	988,996
Due to other governments	-	-	16,903	16,903	-
Deposits payable	-	-	464,300	464,300	464,300
Retentions payable	-	94,924	-	94,924	-
Arbitrage rebate payable	-	-	-	-	37,543
Advances from other funds	-	-	8,149,732	8,149,732	7,874,714
<b>Total liabilities</b>	<b>-</b>	<b>693,374</b>	<b>9,628,020</b>	<b>10,321,394</b>	<b>10,149,009</b>
<u>Fund balances (deficit):</u>					
<u>Reserved:</u>					
Encumbrances	-	-	11,125	11,125	1,556,508
Loans receivable	-	-	314,903	314,903	259,486
Due from County of Orange	4,853	-	192,288	197,141	236,573
Property held from resale	-	-	5,027,065	5,027,065	11,159,846
<u>Unreserved:</u>					
Designated for continuing capital projects	76,565	-	-	76,565	5,651,636
Designated for Police Department Facility Construction	-	-	100,000	100,000	-
Undesignated	408,410	5,716	1,604,601	2,018,727	(1,393,111)
<b>Total fund balances</b>	<b>489,828</b>	<b>5,716</b>	<b>7,249,982</b>	<b>7,745,526</b>	<b>17,470,938</b>
<b>Total liabilities and fund balances</b>	<b>\$489,828</b>	<b>699,090</b>	<b>16,878,002</b>	<b>18,066,920</b>	<b>27,619,947</b>

CITY OF BUENA PARK  
Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Park	Public Works	Redevelopment	Totals	
	<u>In-Lieu</u>	<u>Capital Projects</u>	<u>Capital Projects</u>	<u>2002</u>	<u>2001</u>
<b>Revenues:</b>					
Intergovernmental	\$ 321,392	-	-	321,392	25,000
Investment income	17,060	-	541,805	558,865	950,431
Miscellaneous	-	-	55,998	55,998	347,899
<b>Total revenues</b>	<u>338,452</u>	<u>-</u>	<u>597,803</u>	<u>936,255</u>	<u>1,323,330</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Development	-	-	4,219,851	4,219,851	3,060,122
Capital outlay	-	7,799,747	-	7,799,747	5,469,145
<b>Debt service:</b>					
Interest and other charges	-	-	610,404	610,404	821,852
<b>Total expenditures</b>	<u>-</u>	<u>7,799,747</u>	<u>4,830,255</u>	<u>12,630,002</u>	<u>9,351,119</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>338,452</u>	<u>(7,799,747)</u>	<u>(4,232,452)</u>	<u>(11,693,747)</u>	<u>(8,027,789)</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	-	7,805,463	3,550,000	11,355,463	6,635,369
Operating transfers out	(37,916)	-	(3,825,018)	(3,862,934)	(1,206,231)
Proceeds of loans	-	-	610,404	610,404	572,052
<b>Total other financing sources (uses)</b>	<u>(37,916)</u>	<u>7,805,463</u>	<u>335,386</u>	<u>8,102,933</u>	<u>6,001,190</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	300,536	5,716	(3,897,066)	(3,590,814)	(2,026,599)
<b>Fund balances at beginning of year, as restated</b>	<u>189,292</u>	<u>-</u>	<u>11,147,048</u>	<u>11,336,340</u>	<u>19,497,537</u>
<b>Fund balances at end of year</b>	<u>\$ 489,828</u>	<u>5,716</u>	<u>7,249,982</u>	<u>7,745,526</u>	<u>17,470,938</u>

CITY OF BUENA PARK  
Park In-Lieu Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ 250,000	321,392	71,392	25,000
Investment income	9,000	17,060	8,060	12,005
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>249</u>
<b>Total revenues</b>	<u>259,000</u>	<u>338,452</u>	<u>79,452</u>	<u>37,254</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>259,000</u>	<u>338,452</u>	<u>79,452</u>	<u>37,254</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	<u>(114,468)</u>	<u>(37,916)</u>	<u>76,552</u>	<u>(13,042)</u>
<b>Total other financing sources (uses)</b>	<u>(114,468)</u>	<u>(37,916)</u>	<u>76,552</u>	<u>(13,042)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	144,532	300,536	156,004	24,212
<b>Fund balances at beginning of year, as restated</b>	<u>189,292</u>	<u>189,292</u>	<u>-</u>	<u>166,050</u>
<b>Fund balances at end of year</b>	<u>\$ 333,824</u>	<u>489,828</u>	<u>156,004</u>	<u>190,262</u>

CITY OF BUENA PARK  
Public Works Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Capital Outlay	<u>17,255,268</u>	<u>7,799,747</u>	<u>9,455,521</u>	<u>5,469,145</u>
Total expenditures	<u>17,255,268</u>	<u>7,799,747</u>	<u>9,455,521</u>	<u>5,469,145</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,255,268)</u>	<u>(7,799,747)</u>	<u>9,455,521</u>	<u>(5,469,145)</u>
Other financing sources (uses):				
Operating transfers in	<u>17,243,545</u>	<u>7,805,463</u>	<u>(9,438,082)</u>	<u>5,597,548</u>
Total other financing sources (uses)	<u>17,243,545</u>	<u>7,805,463</u>	<u>(9,438,082)</u>	<u>5,597,548</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(11,723)	5,716	17,439	128,403
Fund balances at beginning of year	-	-	-	<u>(128,403)</u>
Fund balances (deficit) at end of year	<u>\$ (11,723)</u>	<u>5,716</u>	<u>17,439</u>	<u>-</u>

CITY OF BUENA PARK  
Redevelopment Capital Projects Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual - Department Level

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Prior Year <u>Actual</u>
<b>Revenues:</b>				
Investment income	\$ 943,600	541,805	(401,795)	938,426
Miscellaneous	<u>-</u>	<u>55,998</u>	<u>55,998</u>	<u>347,850</u>
<b>Total revenues</b>	<u>943,600</u>	<u>597,803</u>	<u>(345,797)</u>	<u>1,286,276</u>
<b>Expenditures:</b>				
Development	6,188,852	4,219,851	1,969,001	3,060,122
Interest and other charges	<u>-</u>	<u>610,404</u>	<u>(610,404)</u>	<u>821,852</u>
<b>Total expenditures</b>	<u>6,188,852</u>	<u>4,830,255</u>	<u>1,358,597</u>	<u>3,881,974</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(5,245,252)</u>	<u>(4,232,452)</u>	<u>1,012,800</u>	<u>(2,595,698)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	3,300,000	3,550,000	250,000	1,037,821
Operating transfers out	(3,300,000)	(3,825,018)	(525,018)	(1,193,189)
Proceeds of loans	<u>-</u>	<u>610,404</u>	<u>610,404</u>	<u>572,052</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>335,386</u>	<u>335,386</u>	<u>416,684</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(5,245,252)</u>	<u>(3,897,066)</u>	<u>1,348,186</u>	<u>(2,179,014)</u>
<b>Fund balances at beginning of year, as restated</b>	<u>11,147,048</u>	<u>11,147,048</u>	<u>-</u>	<u>19,459,890</u>
<b>Fund balances at end of year</b>	<u>\$ 5,901,796</u>	<u>7,249,982</u>	<u>1,348,186</u>	<u>17,280,876</u>

## ENTERPRISE FUND

Water Utility Fund – to account for the costs (including depreciation) of providing water services to the general public and to account for the user charges by which these costs are recovered.



CITY OF BUENA PARK  
Water Utility Fund  
Comparative Balance Sheet  
June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>Assets</u>		
Current assets:		
Cash and investments	\$ 3,311,334	4,216,376
Accounts receivable (net of allowances uncollectibles of \$183,807)	440,011	976,751
Interest receivable	22,694	-
Due from County of Orange	27,744	33,293
Prepaid items	-	60
Total current assets	<u>3,801,783</u>	<u>5,226,480</u>
Restricted assets:		
Cash and investments with fiscal agent	<u>682,024</u>	<u>613,168</u>
Total restricted assets	<u>682,024</u>	<u>613,168</u>
Fixed assets:		
Land	2,500	2,500
Buildings	29,100	29,100
Pumping plant, reservoir and wells	5,320,683	4,590,683
Distribution system	15,731,545	15,547,629
Machinery and equipment	599,985	590,871
Construction in progress	38,825	-
Less accumulated depreciation	<u>(13,947,854)</u>	<u>(13,454,305)</u>
Net fixed assets	<u>7,774,784</u>	<u>7,306,478</u>
Total assets	<u>\$ 12,258,591</u>	<u>13,146,126</u>
<u>Liabilities and Fund Balances</u>		
Current liabilities (payable from current assets):		
Accounts payable	\$ 1,009,327	1,302,459
Accrued liabilities	<u>24,331</u>	<u>22,420</u>
Total current liabilities	<u>1,033,658</u>	<u>1,324,879</u>
Long-term liabilities:		
Accrued employee leave benefits	71,413	68,872
Deposits payable	210,160	359,163
Loans payable	271,167	356,931
Revenue bonds payable	972,800	1,046,900
Notes payable	<u>1,619,736</u>	<u>1,732,712</u>
Total long-term liabilities	<u>3,145,276</u>	<u>3,564,578</u>
Total liabilities	<u>4,178,934</u>	<u>4,889,457</u>
Fund equity:		
Contributed capital	<u>2,072,069</u>	<u>2,072,069</u>
Retained earnings:		
Unreserved	<u>6,007,588</u>	<u>6,184,600</u>
Total retained earnings	<u>6,007,588</u>	<u>6,184,600</u>
Total fund equity	<u>8,079,657</u>	<u>8,256,669</u>
Total liabilities and fund equity	<u>\$ 12,258,591</u>	<u>13,146,126</u>

CITY OF BUENA PARK  
Water Utility Fund

Comparative Statement of Revenues, Expenses  
and Changes in Retained Earnings

Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services	\$ 9,415,883	8,077,533
Total operating revenues	<u>9,415,883</u>	<u>8,077,533</u>
Operating expenses:		
Purchased water for resale	2,964,221	2,334,740
Ground water replenishment charges	1,277,067	1,390,476
Supplies and materials	177,369	143,959
Repairs and maintenance	199,144	195,190
Utilities	713,377	563,545
Salaries	1,069,355	971,101
Benefits	228,193	204,040
Contractual services	722,154	658,362
Depreciation	493,550	484,567
Miscellaneous	3,610	3,462
Total operating expenses	<u>7,848,040</u>	<u>6,949,442</u>
Operating income (loss)	<u>1,567,843</u>	<u>1,128,091</u>
Nonoperating revenues (expenses):		
Investment income	162,340	237,290
Interest expense	(122,440)	(125,018)
Total nonoperating revenues (expenses)	<u>39,900</u>	<u>112,272</u>
Income before operating transfers	1,607,743	1,240,363
Operating transfers:		
Operating transfers out	<u>(463,960)</u>	<u>(337,671)</u>
Net income	1,143,783	902,692
Retained earnings at beginning of year, as restated	4,863,805	5,291,908
Residual equity transfer out	<u>-</u>	<u>(10,000)</u>
Retained earnings at end of year	<u>\$ 6,007,588</u>	<u>6,184,600</u>

CITY OF BUENA PARK  
Water Utility Fund  
Comparative Statement of Cash Flows  
Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Cash received from customers	\$ 8,566,633	9,555,043
Cash payments to suppliers for goods and services	(6,496,847)	(5,211,423)
Cash payments to employees for services	<u>(1,293,096)</u>	<u>(1,168,087)</u>
Net cash provided by (used for) operating activities	<u>776,690</u>	<u>3,175,533</u>
Cash flows from non-capital financing activities:		
Cash paid to other funds	<u>(463,960)</u>	<u>(347,671)</u>
Net cash provided by (used for) non-capital financing activities	<u>(463,960)</u>	<u>(347,671)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(961,856)	(347,172)
Repayments on debt	(272,840)	(264,905)
Interest paid on debt	<u>(122,722)</u>	<u>(125,018)</u>
Net cash provided by (used for) financing activities	<u>(1,357,418)</u>	<u>(737,095)</u>
Cash flows from investing activities:		
Interest received	139,646	217,033
Receipt of deposits from County	<u>-</u>	<u>6,600</u>
Net cash provided by (used for) investing activities	<u>139,646</u>	<u>223,633</u>
Net increase (decrease) in cash and cash equivalents	(905,042)	2,314,400
Cash and cash equivalents at beginning of year	<u>4,216,376</u>	<u>1,901,976</u>
Cash and cash equivalents at end of year	<u>\$ 3,311,334</u>	<u>4,216,376</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 1,567,843</u>	<u>1,128,091</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	493,550	484,567
(Increase) decrease in accounts receivable	(849,250)	1,477,510
(Increase) decrease in prepaid items	60	(60)
Increase (decrease) in accounts payable	(293,132)	(46,393)
Increase (decrease) in accrued liabilities	1,911	1,360
Increase (decrease) in accrued employee leave benefits	2,541	7,054
Increase (decrease) in deposits payable	<u>(146,833)</u>	<u>123,404</u>
Total adjustments	<u>(791,153)</u>	<u>2,047,442</u>
Net cash provided by operating activities	<u>\$ 776,690</u>	<u>3,175,533</u>

## INTERNAL SERVICE FUNDS

Workers' Compensation Self-Insurance Fund – to account for the cost of providing workers' compensation insurance to the various City departments. Such costs are charged to the departments based upon a percentage of salaries.

Public Liability Self-Insurance Fund – to account for the cost of providing general liability insurance coverage to the various City departments. Such costs are charged to the departments at a fixed rate.

Equipment Maintenance and Replacement Fund – to account for the costs of movable equipment used by other City departments. Such costs are based upon actual usage at a fixed rate throughout the year.

Buildings and Grounds Maintenance Fund - to account for the costs of maintaining City buildings and grounds. Such costs are charged to the various departments based upon each department's estimated usage of the buildings and surrounding grounds.

Management Information Systems Fund – to account for the costs of providing computer equipment and maintenance to the various City departments. Such costs are based upon the number of computer users in each department.

CITY OF BUENA PARK  
Internal Service Funds  
Combining Balance Sheet  
June 30, 2002

<u>Assets</u>	<u>Workers' Compensation Self- Insurance</u>	<u>Public Liability Self- Insurance</u>	<u>Equipment Maintenance and Replacement</u>
<b>Current assets:</b>			
Cash and investments	\$ 1,376,534	1,944,415	659,223
Accounts receivable	-	-	27,568
Interest receivable	9,906	13,326	4,518
Loans receivable	-	-	98,544
Due from County of Orange	16,485	55,518	39,957
Prepaid items	-	145	-
Inventory	-	-	-
<b>Total current assets</b>	<u>1,402,925</u>	<u>2,013,404</u>	<u>829,810</u>
<b>Fixed assets:</b>			
Machinery and equipment	2,311	-	4,362,621
Furniture and equipment	-	-	-
Accumulated depreciation	<u>(1,387)</u>	<u>-</u>	<u>(2,714,349)</u>
<b>Net fixed assets</b>	<u>924</u>	<u>-</u>	<u>1,648,272</u>
<b>Total assets</b>	<u>\$ 1,403,849</u>	<u>2,013,404</u>	<u>2,478,082</u>
 <b><u>Liabilities and Fund Equity</u></b>			
<b>Current liabilities:</b>			
Accounts payable	\$ -	42,202	33,432
Accrued liabilities	<u>885</u>	<u>885</u>	<u>7,242</u>
<b>Total current liabilities</b>	<u>885</u>	<u>43,087</u>	<u>40,674</u>
<b>Long-term liabilities:</b>			
Accrued employee leave benefits	6,072	6,072	60,100
Claims payable	4,485,548	541,000	-
Capital leases payable	-	-	-
<b>Total long-term liabilities</b>	<u>4,491,620</u>	<u>547,072</u>	<u>60,100</u>
<b>Total liabilities</b>	<u>4,492,505</u>	<u>590,159</u>	<u>100,774</u>
<b>Fund equity:</b>			
Contributed capital	-	-	<u>639,360</u>
<b>Retained earnings (deficit):</b>			
<b>Reserved:</b>			
Self-insurance	-	1,423,245	-
Equipment and vehicle replacement	-	-	1,737,948
Unreserved	<u>(3,088,656)</u>	<u>-</u>	<u>-</u>
<b>Total retained earnings (deficit)</b>	<u>(3,088,656)</u>	<u>1,423,245</u>	<u>1,737,948</u>
<b>Total fund equity</b>	<u>(3,088,656)</u>	<u>1,423,245</u>	<u>2,377,308</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,403,849</u>	<u>2,013,404</u>	<u>2,478,082</u>

## EXHIBIT F-1

Buildings and Grounds Maintenance	Management Information Systems	Totals	
		2002	2001
103,393	626,251	4,709,816	5,805,760
-	-	27,568	40,179
709	4,285	32,744	-
-	-	98,544	105,876
5,771	-	117,731	141,281
-	-	145	-
<u>109,873</u>	<u>630,536</u>	<u>4,986,548</u>	<u>6,093,096</u>
120,098	526,218	5,011,248	4,640,605
39,373	-	39,373	39,373
<u>(103,710)</u>	<u>(198,895)</u>	<u>(3,018,341)</u>	<u>(2,836,100)</u>
<u>55,761</u>	<u>327,323</u>	<u>2,032,280</u>	<u>1,843,878</u>
<u>165,634</u>	<u>957,859</u>	<u>7,018,828</u>	<u>7,936,974</u>
46,207	45,000	166,841	225,493
<u>6,571</u>	<u>-</u>	<u>15,583</u>	<u>12,843</u>
<u>52,778</u>	<u>45,000</u>	<u>182,424</u>	<u>238,336</u>
9,994	-	82,238	109,896
-	-	5,026,548	4,411,592
<u>-</u>	<u>14,582</u>	<u>14,582</u>	<u>184,379</u>
<u>9,994</u>	<u>14,582</u>	<u>5,123,368</u>	<u>4,705,867</u>
<u>62,772</u>	<u>59,582</u>	<u>5,305,792</u>	<u>4,944,203</u>
<u>7,615</u>	<u>152,046</u>	<u>799,021</u>	<u>646,975</u>
-	-	1,423,245	1,295,968
95,247	-	1,833,195	1,939,084
<u>-</u>	<u>746,231</u>	<u>(2,342,425)</u>	<u>(889,256)</u>
<u>95,247</u>	<u>746,231</u>	<u>914,015</u>	<u>2,345,796</u>
<u>102,862</u>	<u>898,277</u>	<u>1,713,036</u>	<u>2,992,771</u>
<u>165,634</u>	<u>957,859</u>	<u>7,018,828</u>	<u>7,936,974</u>

CITY OF BUENA PARK  
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended June 30, 2002

	<u>Workers'</u> <u>Compensation</u> <u>Self-</u> <u>Insurance</u>	<u>Public</u> <u>Liability</u> <u>Self-</u> <u>Insurance</u>	<u>Equipment</u> <u>Maintenance</u> <u>and</u> <u>Replacement</u>
<b>Operating revenues:</b>			
Charges for services	\$ 1,101,355	-	1,113,546
<b>Total operating revenues</b>	<u>1,101,355</u>	<u>-</u>	<u>1,113,546</u>
<b>Operating expenses:</b>			
Supplies and materials	-	480	130,570
Repairs and maintenance	-	-	134,133
Utilities	-	-	-
Salaries	38,542	38,542	318,474
Benefits	8,376	8,376	67,711
Contractual services	62,829	-	120,124
Insurance premiums	49,000	192,001	-
Depreciation	462	-	386,107
Workers' compensation claims	2,489,018	-	-
Liability claims	-	-	-
Fuel	-	-	201,284
Miscellaneous	105	1,346	405
<b>Total operating expenses</b>	<u>2,648,332</u>	<u>240,745</u>	<u>1,358,808</u>
<b>Operating income (loss)</b>	<u>(1,546,977)</u>	<u>(240,745)</u>	<u>(245,262)</u>
<b>Nonoperating revenues (expenses):</b>			
Loss on sale of fixed assets	-	-	(24,092)
Investment income	60,929	79,127	37,026
Interest expense	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>60,929</u>	<u>79,127</u>	<u>12,934</u>
<b>Income (loss) before contributions and operating transfers</b>	<u>(1,486,048)</u>	<u>(161,618)</u>	<u>(232,328)</u>
Capital contributions	-	-	43,000
Operating transfers in	-	300,000	-
Operating transfers out	-	-	-
<b>Net income (loss)</b>	<u>(1,486,048)</u>	<u>138,382</u>	<u>(189,328)</u>
<b>Retained earnings (deficit) at beginning of year, as restated</b>	<u>(1,602,608)</u>	<u>1,284,863</u>	<u>1,927,276</u>
<b>Residual equity transfers in (out)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Retained earnings (deficit) at end of year</b>	<u>\$ (3,088,656)</u>	<u>1,423,245</u>	<u>1,737,948</u>

## EXHIBIT F-2

<u>Buildings and Grounds Maintenance</u>	<u>Management Information Systems</u>	<u>Totals</u>	
		<u>2002</u>	<u>2001</u>
<u>1,116,182</u>	<u>611,495</u>	<u>3,942,578</u>	<u>3,773,485</u>
<u>1,116,182</u>	<u>611,495</u>	<u>3,942,578</u>	<u>3,773,485</u>
45,868	7,737	184,655	227,539
52,354	60,335	246,822	333,072
424,634	6,378	431,012	377,459
194,260	-	589,818	594,292
86,363	-	170,826	123,736
199,942	263,886	646,781	1,158,794
-	-	241,001	254,417
7,942	101,286	495,797	468,678
-	-	2,489,018	1,971,164
-	-	-	455,959
-	-	201,284	224,774
-	-	1,856	46,614
<u>1,011,363</u>	<u>439,622</u>	<u>5,698,870</u>	<u>6,236,498</u>
<u>104,819</u>	<u>171,873</u>	<u>(1,756,292)</u>	<u>(2,463,013)</u>
-	-	(24,092)	28,480
1,227	21,556	199,865	326,954
-	(5,202)	(5,202)	(13,091)
<u>1,227</u>	<u>16,354</u>	<u>170,571</u>	<u>342,343</u>
106,046	188,227	(1,585,721)	(2,120,670)
-	-	43,000	150,000
-	-	300,000	1,730,171
<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>(24,495)</u>
91,046	188,227	(1,257,721)	(264,994)
4,201	558,004	2,171,736	2,472,884
-	-	-	137,906
<u>95,247</u>	<u>746,231</u>	<u>914,015</u>	<u>2,345,796</u>



CITY OF BUENA PARK  
Internal Service Funds  
Combining Statement of Cash Flows  
Year ended June 30, 2002

	<u>Workers'</u> <u>Compensation</u> <u>Self-</u> <u>Insurance</u>	<u>Public</u> <u>Liability</u> <u>Self-</u> <u>Insurance</u>
Cash flows from operating activities:		
Cash received from user departments	\$ 2,218,919	(485,478)
Cash payments to suppliers for goods and services	(2,600,951)	(234,087)
Cash payments to employees for services	(45,632)	(45,632)
Cash received (paid) for other operating activities	<u>-</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>(427,664)</u>	<u>(765,197)</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	-	300,000
Cash paid to other funds	<u>-</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>300,000</u>
Cash flows from capital and related financing activities:		
Proceeds of sale of capital assets	-	-
Acquisition and construction of capital assets	-	-
Principal paid on debt	-	-
Interest paid on debt	<u>-</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	51,023	65,801
Receipt of deposits from County	-	-
Loans	<u>-</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>51,023</u>	<u>65,801</u>
Net increase (decrease) in cash and cash equivalents	(376,641)	(399,396)
Cash and cash equivalents at beginning of year	<u>1,753,175</u>	<u>2,343,811</u>
Cash and cash equivalents at end of year	<u>\$ 1,376,534</u>	<u>1,944,415</u>

EXHIBIT F-3

Equipment Maintenance and Replacement	Buildings and Grounds Maintenance	Management Information Systems	Totals	
			2002	2001
1,104,350	1,129,726	611,495	4,579,012	3,773,485
(596,929)	(700,890)	(357,806)	(4,490,663)	(3,040,002)
(383,337)	(310,961)	-	(785,562)	(721,236)
-	-	-	-	(26,816)
<u>124,084</u>	<u>117,875</u>	<u>253,689</u>	<u>(697,213)</u>	<u>(14,569)</u>
43,000	-	-	343,000	1,734,322
-	(15,000)	-	(15,000)	(32,495)
<u>43,000</u>	<u>(15,000)</u>	<u>-</u>	<u>328,000</u>	<u>1,701,827</u>
36,151	-	-	36,151	44,404
(735,072)	-	(19,932)	(755,004)	(537,793)
-	-	(169,797)	(169,797)	-
-	-	(5,202)	(5,202)	(13,091)
<u>(698,921)</u>	<u>-</u>	<u>(194,931)</u>	<u>(893,852)</u>	<u>(506,480)</u>
32,508	518	17,271	167,121	326,954
-	-	-	-	24,085
-	-	-	-	-
<u>32,508</u>	<u>518</u>	<u>17,271</u>	<u>167,121</u>	<u>351,039</u>
(499,329)	103,393	76,029	(1,095,944)	1,531,817
<u>1,158,552</u>	<u>-</u>	<u>550,222</u>	<u>5,805,760</u>	<u>4,273,943</u>
<u>659,223</u>	<u>103,393</u>	<u>626,251</u>	<u>4,709,816</u>	<u>5,805,760</u>

(continued)

CITY OF BUENA PARK  
Internal Service Funds  
Combining Statement of Cash Flows  
(Continued)

	Workers' Compensation Self- <u>Insurance</u>	Public Liability Self- <u>Insurance</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (1,546,977)	<u>(240,745)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	462	-
(Increase) decrease in accounts receivable	3,923	13,207
(Increase) decrease in interest receivable	-	-
(Increase) decrease in loans receivable	-	-
(Increase) decrease in prepaid items	-	(145)
(Increase) decrease in inventory	-	-
(Increase) decrease in other assets	-	-
Increase (decrease) in accounts payable	-	(40,115)
Increase (decrease) in accrued liabilities	66	66
Increase (decrease) in accrued employee leave benefits	1,220	1,220
Increase (decrease) in claims payable	<u>1,113,642</u>	<u>(498,685)</u>
 Total adjustments	 <u>1,119,313</u>	 <u>(524,452)</u>
 Net cash provided by (used for) operating activities	 <u>\$ (427,664)</u>	 <u>(765,197)</u>

EXHIBIT F-3  
(Continued)

<u>Equipment Maintenance and Replacement</u>	<u>Buildings and Grounds Maintenance</u>	<u>Management Information Systems</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>(245,262)</u>	<u>104,819</u>	<u>171,873</u>	<u>(1,756,292)</u>	<u>(2,463,013)</u>
386,107	7,942	101,286	495,797	468,678
(18,063)	13,544	-	12,611	28,418
-	-	-	-	19,798
8,867	-	-	8,867	(8,818)
-	-	-	(145)	244,948
-	-	-	-	1,071
10,562	-	-	10,562	(11,448)
(20,975)	21,908	(19,470)	(58,652)	166,301
697	1,911	-	2,740	1,059
2,151	(32,249)	-	(27,658)	(3,915)
<u>-</u>	<u>-</u>	<u>-</u>	<u>614,957</u>	<u>1,542,352</u>
<u>369,346</u>	<u>13,056</u>	<u>81,816</u>	<u>1,059,079</u>	<u>2,448,444</u>
<u>124,084</u>	<u>117,875</u>	<u>253,689</u>	<u>(697,213)</u>	<u>(14,569)</u>



## AGENCY FUND

Tax Increment Fund - to account for tax increment pass-through funds held by the Redevelopment Agency of the City of Buena Park, a component unit of the City of Buena Park, on behalf of other governmental agencies.

CITY OF BUENA PARK  
Agency Fund

Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>Balance</u> <u>June 30, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
<b><u>TAX INCREMENT</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 270,189	315,992	(270,189)	315,992
Total assets	<u>\$ 270,189</u>	<u>315,992</u>	<u>(270,189)</u>	<u>315,992</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ 270,189	315,992	(270,189)	315,992
Total liabilities	<u>\$ 270,189</u>	<u>315,992</u>	<u>(270,189)</u>	<u>315,992</u>

**GENERAL FIXED ASSETS ACCOUNT GROUP**



## CITY OF BUENA PARK

## Schedule of General Fixed Assets by Source

June 30, 2002

General fixed assets:		
Land		\$ 2,915,279
Buildings		5,075,830
Improvements other than buildings		7,207,148
Machinery and equipment		7,132,301
Furniture and fixtures		159,034
Construction in progress		<u>3,718,170</u>
Total general fixed assets		<u>\$ 26,207,762</u>
Investment in general fixed assets from:		
Capital projects fund:		
Federal grants		\$ 2,159,892
Special revenue funds:		
Revenue sharing	\$ 82,685	
State park grant	734,163	
State law enforcement	104,825	
Local law enforcement	194,575	
State Prop. 172	39,077	
State gasoline tax	986,151	
Measure M	13,291	
Asset Forfeiture Fund	330,144	
AB2766/AQMD Fund	433,164	
Contribution to Buena Park Foundation	<u>178,980</u>	3,097,055
General fund revenues		20,713,452
Contributed by internal service funds		<u>237,363</u>
Total investment in general fixed assets		<u>\$ 26,207,762</u>

## CITY OF BUENA PARK

## Schedule of General Fixed Assets by Function and Activity

June 30, 2002

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Construction in Progress</u>	<u>Total</u>
<b>General government:</b>							
City council	\$ 92,527	-	189,915	163,140	1,270	-	446,852
Administration	228,400	51,147	7,900	18,834	5,956	-	312,237
City Clerk	-	46,787	-	4,718	1,611	-	53,116
Personnel	-	89,780	123,753	1,253,114	3,740	-	1,470,387
Finance	-	26,733	-	160,612	9,644	-	196,989
Planning	-	91,433	623,974	58,818	12,946	-	787,171
<b>Total general government</b>	<u>320,927</u>	<u>305,880</u>	<u>945,542</u>	<u>1,659,236</u>	<u>35,167</u>	<u>-</u>	<u>3,266,752</u>
<b>Public safety:</b>							
Police protection	-	1,158,995	88,563	2,918,035	60,378	-	4,225,971
Fire protection	34,500	395,096	128,020	439,603	1,422	-	998,641
<b>Total public safety</b>	<u>34,500</u>	<u>1,554,091</u>	<u>216,583</u>	<u>3,357,638</u>	<u>61,800</u>	<u>-</u>	<u>5,224,612</u>
<b>Total general government and public safety</b>	<u>355,427</u>	<u>1,859,971</u>	<u>1,162,125</u>	<u>5,016,874</u>	<u>96,967</u>	<u>-</u>	<u>8,491,364</u>
Engineering	-	-	67,453	209,237	2,416	-	279,106
Streets	1,103,580	427,928	575,806	1,300,453	26,085	483,587	3,917,439
Recreation	1,456,272	2,787,931	5,401,764	426,757	33,566	181,299	10,287,589
Buena Park Foundation	-	-	-	178,980	-	-	178,980
Construction in progress	-	-	-	-	-	3,053,284	3,053,284
<b>Total general fixed assets</b>	<u>\$2,915,279</u>	<u>5,075,830</u>	<u>7,207,148</u>	<u>7,132,301</u>	<u>159,034</u>	<u>3,718,170</u>	<u>26,207,762</u>

## CITY OF BUENA PARK

## Schedule of Changes in General Fixed Assets by Function and Activity

Year ended June 30, 2002

	Balance <u>June 30, 2001</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2002</u>
<b>General government:</b>				
City council	\$ 1,005,161	-	558,309	446,852
Administration	312,237	-	-	312,237
City clerk	53,116	-	-	53,116
Personnel	1,470,387	-	-	1,470,387
Finance	196,989	-	-	196,989
Planning	785,904	1,267	-	787,171
	<u>3,823,794</u>	<u>1,267</u>	<u>558,309</u>	<u>3,266,752</u>
<b>Total general government</b>				
<b>Public safety:</b>				
Police protection	3,800,376	425,595	-	4,225,971
Fire protection	998,641	-	-	998,641
	<u>4,799,017</u>	<u>425,595</u>	<u>-</u>	<u>5,224,612</u>
<b>Total public safety</b>				
<b>Total general government and public safety</b>				
	8,622,811	426,862	558,309	8,491,364
<b>Engineering</b>				
	279,106	-	-	279,106
Streets	3,465,890	496,059	44,510	3,917,439
Recreation	9,664,672	622,917	-	10,287,589
Buena Park Foundation	178,980	-	-	178,980
Construction in progress	472,203	3,053,284	472,203	3,053,284
	<u>22,683,662</u>	<u>4,599,122</u>	<u>1,075,022</u>	<u>26,207,762</u>
<b>Total general fixed assets</b>				

**CITY OF BUENA PARK**  
**Programs Budgeted Under the Major Service Areas**

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**General Government**

City Council  
 Community Promotion  
   - Chamber of Commerce  
   - Conventions and Visitors Office  
   - Silverado Days  
   - Misc Community Events  
   - Emergency Preparedness  
   - 4th of July Fireworks  
 City Attorney  
 City Manager  
 City Clerk  
 Internal Support Services  
 Finance  
 Public Liability Insurance  
 Engineering - City Services and Administration

**Leisure**

Recreation  
   - Administration - Facilities  
   - Aquatics  
   - Cultural and Special Programs  
   - Fine Arts  
   - Parks and Playgrounds  
   - Sports and Fitness Programs  
   - Leisure Classes

**Water**

All programs for water purchases,  
 distribution, billing and maintenance

**Health**

Street Sweeping  
 Trash Collection  
 Sewer Maintenance and Repair

**Transportation**

Street Maintenance  
 Traffic Engineering  
 Traffic Signals  
 Traffic Signs  
 Street Striping  
 Traffic Safety (Police)

**Public Protection**

Police  
 Zoning Enforcement  
 Street Lighting  
 Weed Abatement  
 Civil Defense

**Development**

Planning and Building Program  
 Engineering - Development Services

**Environmental**

Parkway, Median, and Civic Center Grounds  
 Maintenance  
 Parks Grounds Maintenance

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Source: City Finance Department

**CITY OF BUENA PARK**  
**Schedule of Revenues by Source**  
**Governmental Funds**  
**Last Ten Fiscal Years**

<i>Fiscal Year</i>	<i>Taxes</i>	<i>Licenses &amp; Permits</i>	<i>Fines &amp; Forfeitures</i>	<i>Developer Fees</i>
1992/93	\$ 22,614,536	\$ 318,119	\$ 671,038	\$ 162,030
1993/94	21,644,065	258,108	591,666	0
1994/95	23,030,667	281,415	597,183	0
1995/96	23,578,008	290,754	575,566	0
1996/97	24,615,455	448,188	520,364	0
1997/98	26,207,641	627,204	603,493	0
1998/99	26,705,507	708,706	1,063,078	0
1999/00	31,424,178	611,560	1,200,187	0
2000/01	34,438,927	374,209	1,262,538	0
2001/02	34,360,508	564,318	1,072,971	0

<i>Fiscal Year</i>	<i>Intergovernmental Revenues</i>	<i>Charges for Service</i>	<i>Miscellaneous Revenues*</i>	<i>TOTAL</i>
1992/93	\$ 6,356,203	\$ 3,663,967	\$ 3,101,544	\$ 36,887,437
1993/94	5,971,921	3,721,003	7,847,021	40,033,784
1994/95	6,409,692	3,664,752	2,845,192	36,828,901
1995/96	8,793,409	3,994,416	3,255,365	40,487,518
1996/97	10,228,423	4,437,688	3,478,212	43,728,330
1997/98	6,988,275	4,210,106	3,157,340	41,794,059
1998/99	8,626,948	4,486,386	3,345,475	44,936,100
1999/00	9,788,348	4,415,351	7,179,769	54,619,393
2000/01	9,873,011	3,933,176	4,829,322	54,711,183
2001/02	11,840,066	6,034,898	6,066,872	59,939,633

\* Includes Investment Income, Sale of Property, and Miscellaneous categories.

Revenues are those of the combined entity as described in Note 1 of the Notes to the Financial Statements

NOTE: Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: City Finance Department

**CITY OF BUENA PARK**  
**Schedule of Expenditures by Service Area**  
**Governmental Funds**  
**Last Ten Fiscal Years**

<i>Fiscal Year</i>	<i>General Government</i>	<i>Leisure</i>	<i>Health</i>	<i>Transportation</i>	<i>Debt Service</i>
1992/93	\$ 2,969,954	\$ 1,770,247	\$ 2,499,914	\$ 3,089,083	\$ 4,157,205
1993/94	3,706,936	1,773,582	2,140,108	3,094,615	8,230,532
1994/95	3,866,181	1,685,604	2,192,302	2,979,012	3,652,138
1995/96	3,677,491	1,854,973	2,270,426	3,006,743	3,788,307
1996/97	2,633,528	2,004,052	2,110,848	3,097,000	4,084,074
1997/98	3,986,392	1,913,692	2,072,825	3,075,584	4,069,145
1998/99	4,039,835	2,027,431	2,114,462	3,189,067	4,501,557
1999/00	4,827,063	2,032,564	2,180,669	3,432,453	4,240,092
2000/01	4,569,589	1,233,703	2,046,804	3,625,856	5,040,904
2001/02	4,582,589	1,342,615	2,317,438	3,567,940	4,777,537

<i>Fiscal Year</i>	<i>Public Protection</i>	<i>Development</i>	<i>Environmental</i>	<i>Capital Outlay</i>	<i>TOTAL</i>
1992/93	\$ 15,458,059	\$ 2,433,915	\$ 831,409	\$ 3,650,751	\$ 36,860,537
1993/94	15,478,275	9,145,685	856,893	3,070,469	47,497,095
1994/95	14,465,919	3,676,917	827,757	4,128,995	37,474,825
1995/96	14,330,918	3,086,579	808,005	5,538,146	38,361,588
1996/97	15,573,431	6,581,564	826,567	7,853,489	44,764,553
1997/98	15,838,666	3,394,677	830,855	3,501,518	38,683,354
1998/99	17,137,438	9,358,565	894,030	4,666,984	47,929,369
1999/00	18,011,212	8,159,914	868,244	8,511,139	52,263,350
2000/01	18,843,659	5,093,802	1,885,636	5,771,895	48,111,848
2001/02	19,145,911	7,114,236	1,968,237	8,142,812	52,959,315

Expenditures are those of the combined entity as described in Note 1 of the Notes to the Financial Statements.

NOTE: Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: City Finance Department

**CITY OF BUENA PARK**  
**Schedule of Tax Revenues by Source**  
**Governmental Funds**  
**Last Ten Fiscal Years**

<i>Fiscal Year</i>	<i>Property Taxes</i>	<i>Sales &amp; Use Taxes</i>	<i>Transient Occupancy Taxes</i>	<i>Franchise Taxes</i>	<i>Business License Taxes</i>
1992/93	\$ 8,484,154	\$ 8,222,440	\$ 2,159,220	\$ 1,202,406	\$ 527,048
1993/94	7,657,177	8,126,734	2,350,558	1,091,474	501,581
1994/95	8,034,557	8,674,801	2,585,711	1,243,254	500,594
1995/96	7,966,754	9,275,120	2,681,114	1,213,974	494,113
1996/97	7,815,486	10,005,572	3,044,051	1,219,338	523,967
1997/98	8,162,821	11,166,123	2,986,106	1,276,281	529,650
1998/99	8,577,880	10,870,288	3,422,933	1,252,070	603,582
1999/00	11,634,062	12,470,223	3,384,449	1,558,204	601,423
2000/01	11,703,042	14,655,601	3,767,618	1,389,443	628,781
2001/02	11,971,950	13,433,850	3,783,534	1,550,411	672,449

<i>Fiscal Year</i>	<i>Bedroom/ Mobile Home Lot Taxes</i>	<i>Real Property Transfer Taxes</i>	<i>Utility Users Taxes</i>	<i>TOTAL</i>
1992/93	\$ 31,800	\$ 67,416	\$ 1,920,052	\$ 22,614,536
1993/94	600	88,970	1,826,971	21,644,065
1994/95	7,204	87,377	1,897,169	23,030,667
1995/96	10,838	80,819	1,855,276	23,578,008
1996/97	79,208	106,872	1,820,961	24,615,455
1997/98	100,823	169,029	1,816,808	26,207,641
1998/99	147,000	174,266	1,657,481	26,705,500
1999/00	59,400	199,397	1,517,020	31,424,178
2000/01	28,201	202,661	2,063,580	34,438,927
2001/02	77,405	218,629	2,652,280	34,360,508

Revenues are those of the combined entity as described in Note 1 of the Notes to the Financial Statements.

NOTE: Includes General, Special Revenue, and Debt Service Funds.

Source: City Finance Department

**CITY OF BUENA PARK**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<i>Fiscal Year</i>	<i>Total Tax Levy</i>	<i>Total Tax Collection</i>	<i>Percent of Total Tax Collections to Tax Levy</i>	<i>Outstanding Delinquent Taxes</i>	<i>Percent of Delinquent Taxes to Tax Levy</i>
1992/93	4,665,311	4,386,482	94.02%	278,829	6.36%
1993/94	4,180,868	3,979,678	95.19%	201,190	5.06%
1994/95	4,198,597	4,000,043	95.27%	198,554	4.96%
1995/96	4,214,826	4,134,029	98.08%	80,797	1.95%
1996/97	4,179,058	4,122,379	98.64%	56,679	1.37%
1997/98	4,200,657	4,331,682	103.12%	(131,025)	-3.02%
1998/99	4,228,255	4,209,378	99.55%	18,877	0.45%
1999/00	4,638,334	4,572,882	98.59%	65,452	1.43%
2000/01	4,902,114	4,820,108	98.33%	82,006	1.67%
2001/02	5,194,283	5,094,842	98.09%	99,442	1.91%

Excludes the Community Redevelopment Agency.

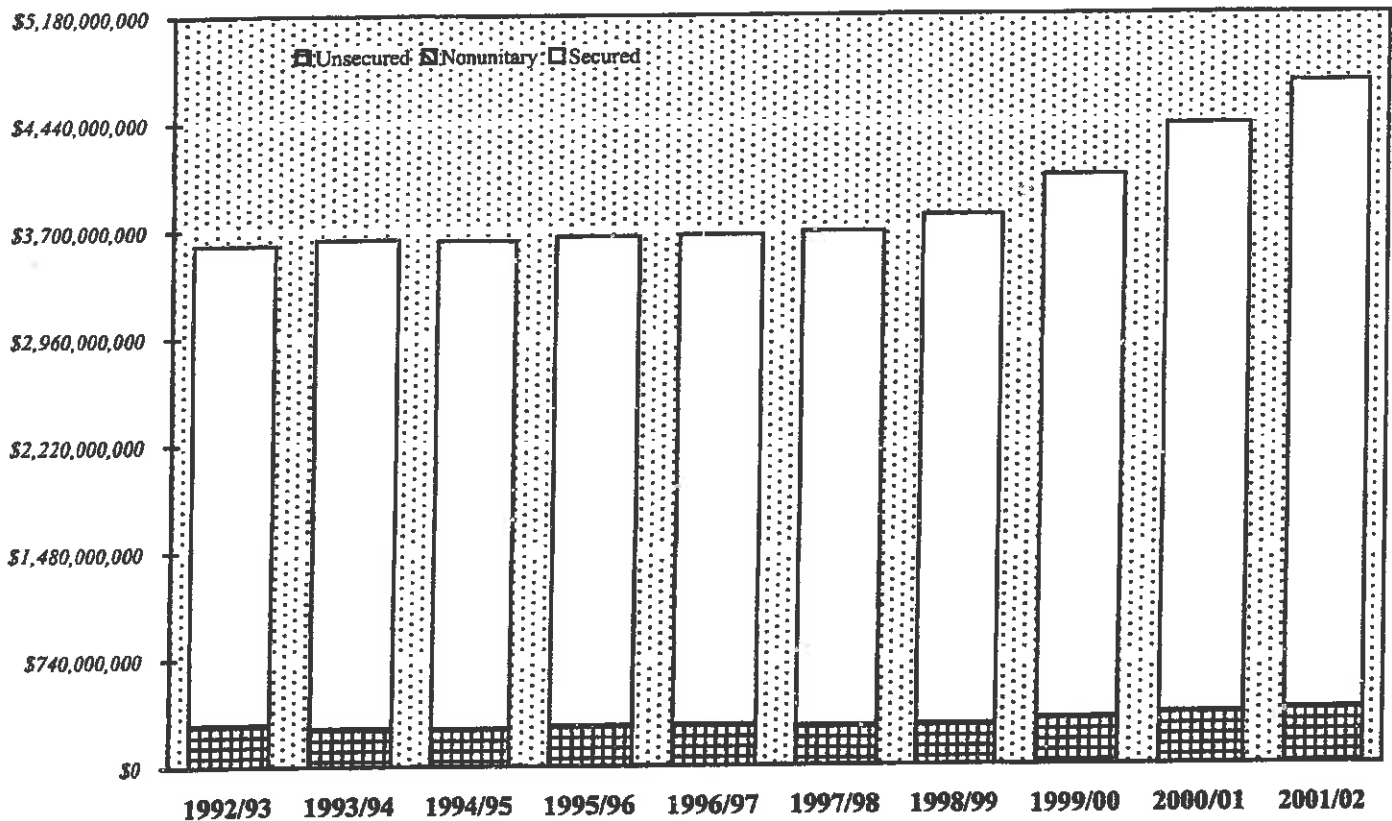
Source: County of Orange, Office of Auditor - Controller



**CITY OF BUENA PARK  
Net Taxable Assessed Values - Ten Year History**

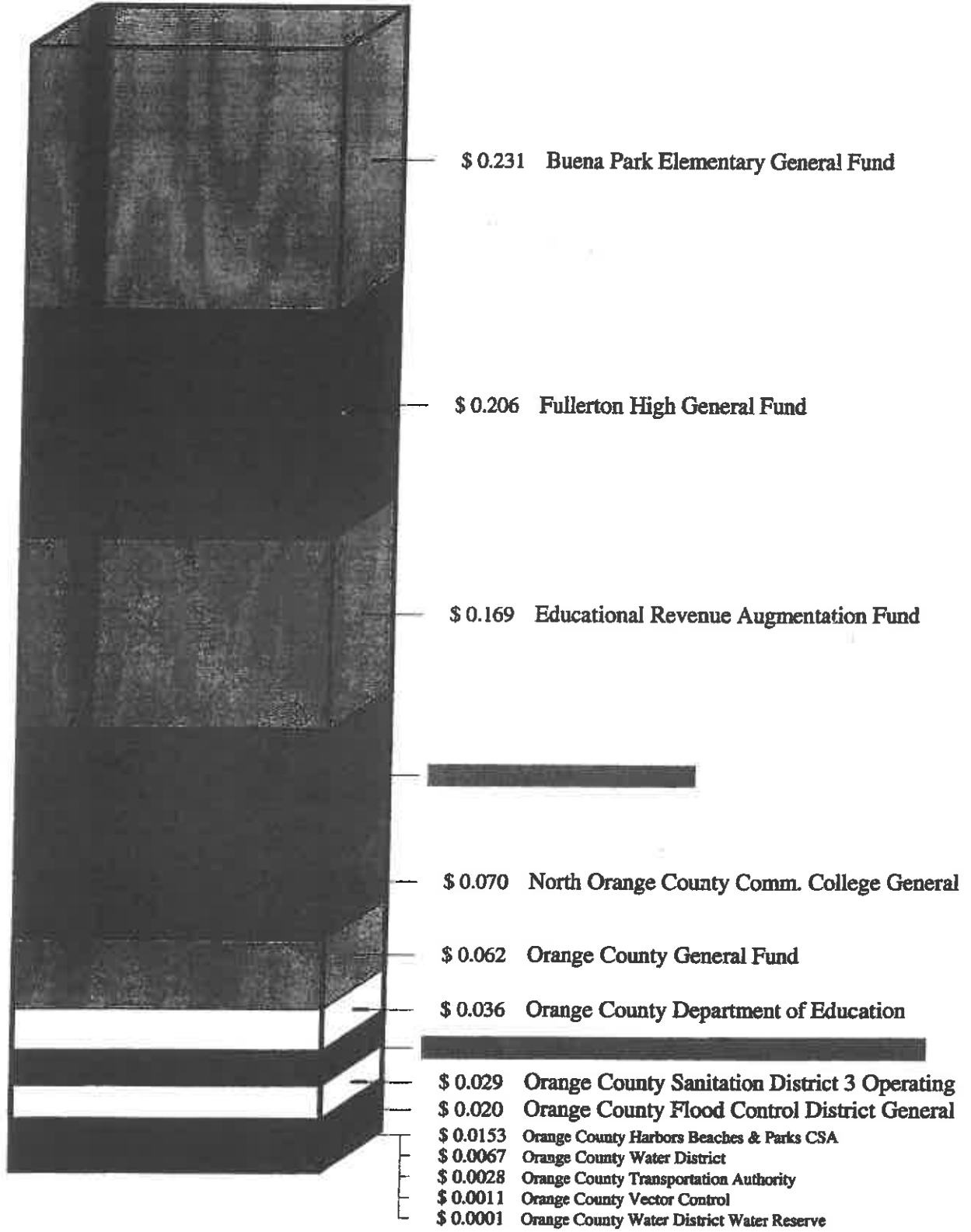
Lien Year:	1992/93	1993/94	1994/95	1995/96	1996/97
<b>Secured</b>	\$3,310,891,880	\$3,373,077,117	\$3,369,318,217	\$3,376,137,399	\$3,381,920,813
<b>Nonunitary</b>	3,809,590	3,135,601	2,302,972	2,477,372	2,507,284
<b>Unsecured</b>	287,152,079	260,143,579	257,128,712	275,848,209	280,294,709
<b>Net Total AV</b>	<b>\$3,601,853,549</b>	<b>\$3,636,356,297</b>	<b>\$3,628,749,901</b>	<b>\$3,654,462,980</b>	<b>\$3,664,722,806</b>

Lien Year:	1997/98	1998/99	1999/00	2000/01	2001/02
<b>Secured</b>	\$3,414,742,134	\$3,514,810,233	\$3,744,229,757	\$4,060,905,399	\$4,325,719,576
<b>Nonunitary</b>	2,687,653	2,828,316	2,760,892	2,759,346	2,929,226
<b>Unsecured</b>	268,808,630	275,225,868	318,853,224	352,316,082	379,354,238
<b>Net Total AV</b>	<b>\$3,686,238,417</b>	<b>\$3,792,864,417</b>	<b>\$4,065,843,873</b>	<b>\$4,415,980,827</b>	<b>\$4,708,003,040</b>



Source: HdL Coren & Cone, Orange County Assessor Combined Tax Rolls

**CITY OF BUENA PARK  
Property Tax Dollar Breakdown**



**\$ 1.000**

ATI (Annual Tax Increment) Ratios for Tax Rate Area 14-002, excluding Redevelopment Factors and Additional Debt Service

Source: HdL Coren & Cone, Orange County Assessor 2001/02 Annual Tax Increment Tables

**CITY OF BUENA PARK  
Top 10 Property Taxpayers**

	<u><i>Property Owner (Number of Parcels)</i></u>	<u><i>Assessed Value</i></u>
1	Knott's Berry Farm (18)	\$268,713,590
2	Nabisco Inc. (2)	73,823,492
3	Amway Corporation (18)	67,673,994
4	Prologis California LLC (6)	59,535,442
5	JC Penny Properties Inc. (4)	52,447,241
6	Jim Dandy Markets (3)	42,196,551
7	Sunrise Buena Park (7)	35,830,377
8	Savannah Teachers Properties (7)	32,143,955
9	Oltmans & SC Investments (2)	23,550,499
10	Certified Fabricators (5)	21,129,486
		<u><u>\$677,044,627</u></u>

*Source: HdL Coren & Cone, Orange County Assessor 2001/02 Combined Tax Rolls*

**CITY OF BUENA PARK  
Top Sales Tax Producers**

<b><u>Business Name</u></b>	<b><u>Business Category</u></b>
Albertsons	Grocery Stores Liquor
Buena Park Honda	New Motor Vehicle Dealers
Buena Park Lumber Co.	Lumber/Building Materials
Chase Manhattan Auto Finance	Auto Lease
Circuit City	Appliance Store
Communications Supply	Electrical Equipment
Costco	Discount Department Stores
Daimlerchrysler Financial Svcs	Auto Lease
Financial Services Vehicle Trust	Auto Lease
Ford Credit Titling Trust	Auto Lease
House of Imports	New Motor Vehicle Dealers
K Mart	Discount Department Stores
Knott's Berry Farm	Personal Service-No Liquor
Medieval Times Dinner & Tournament	Clubs/Amusement - with Liquor
Nissan of Buena Park	New Motor Vehicle Dealers
Noritsu America Corporation	Motion Pictures/Equipment
Officemax	Office Supplies/Furniture
Ralphs	Grocery Stores Liquor
Sears, Roebuck & Co.	Department Stores
Shelly BMW	New Motor Vehicle Dealers
Simpson Buick Pontiac GMC	New Motor Vehicle Dealers
Ted Jones Ford, Inc.	New Motor Vehicle Dealers
Toyota of Buena Park	New Motor Vehicle Dealers
U S Amada, Ltd.	Heavy Industrial
West Coast Sand & Gravel	Contractors

Percent of City Total Paid by Top 25 Accounts = 60.93%

Firms Listed Alphabetically. Period: April 2001 through March 2002

Source: *Hinderliter, de Llamas & Associates, State Board of Equalization*

**CITY OF BUENA PARK**  
**Computation of Legal Debt Margin**  
**June 30, 2002**

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Full Actual Valuation (2001/02)	<u>\$4,708,003,040</u>
Twenty-five percent (25%) of 2001/02 Full Actual Value	<u>1,177,000,760</u>
Debt Limit (Fifteen percent (15%) of Reduced Full Value)	176,550,114
Amount of Debt Applicable to Debt Limit	<u>2,560,000</u>
Legal Debt Margin	<u><u>\$ 173,990,114</u></u>

The legal debt margin is set at fifteen percent (15%) of the reduced full value of real and personal property valuation assessments. The amount of debt applicable to the debt limit is exclusive of any debt of the Community Redevelopment Agency.

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*Source: California Government Code Section 436505*

**CITY OF BUENA PARK**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2002**

**2001/02 Assessed Valuation:** \$3,988,250,689 (after deducting \$719,752,351 redevelopment incremental valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/02</u>
Orange County Teeter Plan Obligations	1.780	\$2,214,765
Metropolitan Water District	0.377	1,896,593
North Orange Co Joint Community College District	8.073	11,221,470
Anaheim Union High School District	9.435	8,680,163
Buena Park School District	84.137	11,434,205
Magnolia School District	1.983	192,153
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$35,639,349</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Orange County General Fund Obligations	1.780	\$18,082,824
Orange County Pension Obligations	1.780	2,396,102
Orange County Board of Education Certificates of Participation	1.780	356,000
Orange County Transit Authority	1.780	140,709
Orange County Water District Certificates of Participation	2.919	6,252,498
Municipal Water District of Orange County Water Facilities Corporation	2.674	1,435,804
Anaheim Union High School District Certificates of Participation	9.435	2,547,450
Fullerton Joint Union High School District Certificates of Participation	16.104	1,088,630
Centralia School District Certificates of Participation	66.586	3,109,566
Orange County Sanitation District No. 3 Certificates of Participation	10.071	5,233,072
City of Buena Park	100.000	2,842,431
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$43,485,086</b>
Less: Orange County Transit Authority (80% self-supporting)		112,567
Orange County Water District Certificates of Participation (100% self-supporting)		6,252,498
MWDOC Water Facilities Corporation (100% self-supporting)		1,435,804
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$35,684,217</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		<b>\$79,124,435 (1)</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$71,323,566</b>

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2001-02 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.76%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$2,842,431)..... 0.07%

Gross Combined Total Debt..... 1.98%

Net Combined Total Debt..... 1.79%

**Source: California Municipal Statistics, Inc.**

**CITY OF BUENA PARK**  
**Construction Value and Bank Deposits**  
**Last Ten Fiscal Years**

<i>Fiscal Year</i>	<i>Industrial</i>		<i>Commercial</i>		<i>Residential</i>		<i>Other</i>		<i>Bank Deposits (000s)</i>
	<i># of Permits</i>	<i>Valuation</i>	<i># of Permits</i>	<i>Valuation</i>	<i># of Permits</i>	<i>Valuation</i>	<i># of Permits</i>	<i>Valuation</i>	
1992/93	21	6,657,460	198	21,329,060	10	3,620,000	1,037	9,032,097	1,075,737
1993/94	36	3,822,472	190	14,881,082	2	279,000	895	1,639,084	1,023,170
1994/95	8	3,173,500	78	10,508,350	11	1,084,000	321	2,009,808	1,026,505
1995/96	45	8,324,015	140	12,493,895	19	1,205,000	24	4,721,406	936,903
1996/97	31	4,550,305	209	33,764,455	79	15,226,460	1,005	61,276,683	986,546
1997/98	26	24,529,733	233	34,847,331	274	28,316,528	1,291	93,542,800	908,594
1998/99	46	12,018,734	219	28,436,441	264	47,944,239	1,442	98,304,670	916,167
1999/00	19	11,438,844	295	36,511,764	145	20,824,517	1,360	74,635,062	877,657
2000/01	24	4,070,594	269	19,705,375	86	7,930,438	1,224	38,189,787	875,116
2001/02	37	1,757,423	240	38,285,625	209	23,333,490	1,497	72,458,443	886,692

Sources: Construction Data - City Development Services Department; Bank Deposit Data - Findley Reports

**CITY OF BUENA PARK**  
**Retained Earnings Summary for the Water Utility Fund**  
**Last Ten Fiscal Years**

(in thousands)

<i>Fiscal Year</i>	<i>Beginning Retained Earnings</i>	<i>Total Revenues</i>	<i>Total Expenses</i>	<i>Ending Retained Earnings</i>
1992/93	\$5,399	\$5,179	\$5,546	\$5,032
1993/94	5,032	5,983	6,068	4,947
1994/95	4,947	6,451	6,260	5,138
1995/96	5,138	6,584	6,490	5,232
1996/97	5,232	7,219	6,810	5,641
1997/98	5,641	6,621	6,759	5,503
1998/99	5,503	7,341	7,867	4,977
1999/00	4,977	7,837	7,465	5,349
2000/01	* 5,292	8,315	7,422	6,185
2001/02	* 4,864	9,578	8,434	6,008

\* Restated

During the fiscal year ended June 30, 2002, approximately 13,737 acre feet of water was sold. This is based on a total production of 14,162 acre feet and an estimated loss factor of three percent (3%). Water production came from the following sources:

Metropolitan Water District	5,423
City of Buena Park Wells	<u>8,739</u>
Total Production	<u><u>14,162</u></u>

The current rate includes a flat fee of \$10.94 per month plus \$1.18 for each 1,000 gallons of consumption.

Source: City Public Works and Finance Departments



**CITY OF BUENA PARK**  
**Schedule of Insurance in Force**  
**June 30, 2002**

<b>Company</b>	<b>Policy</b>	<b>Policy Term</b>	<b>Coverage and Limit</b>
Ins Co of Penn	47002701	7/1/02 to 7/1/03	Excess Liability - \$20,000,000 Limit - \$250,000 Self-Insured Retention
Employer's Reinsurance Corp	ERC 0642005	7/1/02 to 7/1/03	Excess Workers' Compensation - Statutory Limits - \$500,000 Self-Insured Retention
Royal & Sun Alliance	K2HT406458	7/1/02 to 7/1/03	Property, including Boiler & Machinery - \$30,500,000 Blanket limit on all property - \$5,000 Deductible
Federal Insurance (CHUBB)	6599709	7/1/02 to 7/1/03	Automobile Physical Damage - \$2,369,000 reported values - \$5,000 Deductible - Replacement cost, per schedule, including new vehicle
Affiliated F.M.	BA 693	7/1/02 to 7/1/03	Commercial Crime Depositors Forgery - \$500,000 Limit/Amount - \$1,000 Deductible Honesty Blanket Bond - \$500,000 Limit/Amount - \$1,000 Deductible Monies and Securities (loss inside & out) - \$10,000 Limit - \$1,000 Deductible
Kemper/A.M. Mutual	3SE928798-00 3SE928788-00	7/1/02 to 7/1/03 7/1/02 to 7/1/03	Employee Bonds - \$500,000 limit
Diversified Risk	E0805100	7/1/02 to 7/1/03	Small Contractors, Consultants, Operators Professional Liability for the Public Entity - \$1,000,000/\$2,000,000 Occurrence - \$1,000,000/\$2,000,000 Aggregate - \$2,500 Deductible

**Source: Internal Services Division**

**CITY OF BUENA PARK**  
**Schedule of Major Employers**  
**June 30, 2002**

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<u><i>Firm</i></u>	<u><i>Type of Business</i></u>	<u><i>Number of Employees</i></u>
Knott's Berry Farm	Entertainment Theme Park	4,800 to 5,000
Pepsi	Bottling	745
Nutrillite	Vitamin Manufacturer	489
Leach Corporation	Electronics Manufacturer	400
City of Buena Park	Municipality	400
Yamaha	Musical Instrument Dist	370
Ultra Wheel Co.	Automotive Accessory Mfg	350
A.D.P.	Payroll Services	325
Medieval Times	Entertainment Center	254
Georgia Pacific	Paper goods Manufacturer	243
Nabisco	Food Product Manufacturer	231
Sears, Roebuck & Co.	Department Store	185
Mead Packaging	Paper goods Manufacturer	150
Mega Tool	Tool Sales	120

**NOTE:** There are over 2,000 employers in the City.

**Source:** City Finance Department

**CITY OF BUENA PARK  
Demographic Statistics  
Last Ten Fiscal Years**

<i>Fiscal Year</i>	<i>City Population</i>	<i>Population Change Percentage</i>	<i>Orange County Population</i>	<i>City's Population as a Percentage of County</i>	<i>Square Miles</i>	<i>Housing</i>
1992/93	71,696	1.234	2,557,346	2.80	10.27	23,542
1993/94	72,898	1.677	2,582,051	2.82	10.27	23,544
1994/95	73,864	1.325	2,641,355	2.80	10.27	23,603
1995/96	72,700	(1.576)	2,624,335	2.77	10.27	23,603
1996/97	73,072	0.512	2,659,316	2.75	10.27	23,630
1997/98	74,517	1.978	2,722,291	2.74	10.27	23,760
1998/99	75,869	1.814	2,775,619	2.73	10.27	23,903
1999/00	77,267	1.843	2,828,351	2.73	10.27	24,142
2000/01	78,962	2.194	2,867,741	2.75	10.27	23,773
2001/02	78,768	(0.246)	2,880,161	2.73	10.27	23,856

Source: State of California, Department of Finance

**CITY OF BUENA PARK**  
**Miscellaneous Statistical Data**  
**June 30, 2002**

**City of Buena Park:**

Incorporated (General Law)	January 27, 1953
Government	Council - Manager Form
Population	78,768
Land Area	10.27 Square Miles
Building Permits Issued	1,983
Building Permit Valuation	\$135,834,981
Number of Street Lights	4,187

**Municipal Water Utility:**

Customers	19,735
Daily Average Supplied	12,643,019 Gallons
Water Mains	225.3 Miles

**Police Protection:**

Number of Stations	1
Sworn Personnel	94
Non-sworn Full-time Personnel	50
Non-sworn Part-time Personnel	41
Reserves	20
Number of Calls Answered	24,196
Response Time:	
- Emergency	3:16 Minutes
- Urgent	10:31 Minutes
- Routine	18:36 Minutes

**Sewers:**

Sanitary Sewers	150.3 Miles
Storm Sewers	45.5 Miles

**Recreation and Culture:**

Number of Parks	11
Number of Community Centers	1

**Source: City Finance Department**



**APPENDIX C**

**GENERAL INFORMATION RELATING TO THE CITY OF BUENA PARK**

## **GENERAL INFORMATION RELATING TO THE CITY OF BUENA PARK**

Information contained in this APPENDIX C is presented as general background data. The Bonds are payable solely from the Tax Revenues and other sources as described herein. The taxing power of the City of Buena Park, the State of California, or any political subdivision thereof is not pledged to the payment of the Bonds.

### **General**

The City of Buena Park encompasses approximately ten square miles and is located at the northwest edge of Orange County, just south of the Los Angeles County line. It is 25 miles southeast of downtown Los Angeles. Neighboring communities include Anaheim, Cerritos, Cypress, Fullerton, La Mirada, and La Palma.

### **Climate**

The City enjoys Mediterranean-type sun-belt weather with warm summers and mild winters. Year-round temperatures average from a January minimum of 45 degrees to an August maximum of 86 degrees. The average yearly rainfall of approximately 11 inches occurs predominantly during the winter months. Humidity is fairly constant throughout the year at 70 percent. Prevailing winds are from the southeast averaging 8-10 miles per hour.

### **City Government**

Buena Park, a general law city, was incorporated in 1953. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City Council is composed of five members elected bi-annually at large to four-year alternating terms. The Mayor is selected by the City Council from amongst its members. Buena Park employs a staff of approximately 305 full-time employees and 150 part-time employees under the direction of the City Manager.

### **Community Facilities and Services**

Buena Park provides police protection, sewer maintenance, water, trash collection, street sweeping, park maintenance and building inspection. It cooperates with Orange County in the provisions of flood control and contracts with the Orange County Fire Authority for fire protection and emergency paramedic services.

The Buena Park Police Department has 144 full-time personnel including 94 sworn officers and 50 non-sworn full-time personnel serving the community.

Buena Park has two hospitals with a total bed capacity of 124. There are approximately 200 physicians, 20 dentists, 11 optometrists and 18 chiropractors in the City.

Four school districts serve the City; Buena Park School District, Centralia School District, Fullerton Joint Union High School District and Anaheim Union High School District. In addition, there are six special education schools and five private schools in the City. Nearby are Cypress Community College, Fullerton College and Cal State, Fullerton as well as several other junior and state colleges and universities within an easy commuting distance of Buena Park.

Cultural facilities include 32 churches, 1 library, 11 parks, live theatre, an 18-screen movie theater at the Buena Park Mall and numerous entertainment venues, including; Knott's Berry Farm, Movieland Wax Museum, Ripley's Believe it or Not, Wild Bill's Wild West and Medieval Times.

## Population

The City is a community with a stable population of approximately 80,600. Population has increased over 10,000 since 1990

### CITY OF BUENA PARK POPULATION

<u>Year</u>	<u>Population *</u>
1960	46,401
1970	63,646
1980	64,765
1990	68,784
1991	69,541
1992	70,297
1993	71,084
1994	72,127
1995	72,617
1996	72,888
1997	73,577
1998	74,855
1999	75,869
2000	78,282
2001	80,600

Source: Sales and Marketing Management Survey of Buying Power. & U.S. Census Bureau for 1960, 1970, 1980 and 1990  
\* As of January 1.



## Effective Buying Income

The following table summarizes the total effective buying income and the median household effective buying income for the City, County and State for the years 1998 to 2002.

### EFFECTIVE BUYING INCOME 1998 through 2002

	<u>Area</u>	<u>Total (\$ in thousands)</u>	<u>Median Household Income</u>
1998	Buena Park	1,007,414	40,421
	Orange County	48,027,189	42,715
	California	524,439,600	36,483
1999	Buena Park	1,061,810	40,706
	Orange County	50,605,637	45,176
	California	551,999,317	37,091
2000	Buena Park	1,113,553	41,564
	Orange County	55,179,528	48,773
	California	590,376,663	39,492
2001	Buena Park	1,278,049	45,718
	Orange County	62,330,828	55,262
	California	652,190,282	44,464
2002	Buena Park	1,267,260	47,758
	Orange County	62,568,674	53,277
	California	650,521,407	43,523

Source: Sales and Marketing Management Survey of Buying Power.  
As of December 31, 2002

## Employment

The City of Buena Park is included in Orange County's Annual Planning Information from the State of California Employment Development Department. The civilian labor force, employment and unemployment for Orange County, the State, and the United States is set forth below.

### CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT<sup>(1)</sup>

		Labor Force	Employment	Unemployment	Unemployment Rate (%)
1998	Orange County	1,435,400	1,394,000	41,400	2.9
	California	16,260,100	15,602,400	957,700	5.9
	United States	131,463,000	125,877,000	6,210,000	4.7
1999	Orange County	1,471,700	1,432,700	39,000	2.6
	California	16,596,500	15,731,700	864,800	5.2
	United States	139,380,000	133,498,000	5,882,000	4.2
2000	Orange County	1,502,100	1,463,900	38,200	2.5
	California	16,884,200	16,048,900	835,300	4.9
	United States	142,588,000	136,899,000	5,689,000	4.0
2001	Orange County	1,540,200	1,493,300	46,900	3.0
	California	17,182,900	16,260,100	922,800	5.4
	United States	143,783,000	136,941,000	6,842,000	4.8
2002	Orange County	1,567,000	1,496,100	70,900	4.5
	California	17,404,600	16,241,800	1,162,800	6.7
	United States	144,875,000	136,486,000	8,389,000	5.8

<sup>(1)</sup> Note: Figures used for the civilian labor force employment and unemployment are an annual average, not seasonally adjusted  
Source: Bureau of Labor Statistics.

## Construction Activity

Details of construction activity in the City is set forth below.

<b>CITY OF BUENA PARK</b>					
<b>BUILDING PERMIT VALUATIONS</b>					
(\$ in thousands)					
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Number of Residential Units	274	264	145	86	209
<b>VALUATIONS</b>					
<b>Residential</b>					
Total Residential	28,317	47,944	20,825	7,930	23,333
<b>Non-Residential</b>					
New Commercial	34,847	28,436	36,512	19,705	38,286
New Industrial	24,530	12,019	11,439	4,071	1,757
Other Nonresidential	93,543	98,305	74,635	38,190	72,458
Total Non-Residential	152,920	138,760	122,586	61,966	112,501
<b>Total Valuation</b>	<b>181,237</b>	<b>186,704</b>	<b>143,411</b>	<b>69,896</b>	<b>135,834</b>

Source: City of Buena Park, Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2002

## Commercial Activity

A five-year summary of taxable transactions in the City is set forth below.

<b>CITY OF BUENA PARK</b>				
<b>VALUATION OF TAXABLE TRANSACTIONS</b>				
(\$ in thousands)				
	<u>Retail Outlets</u>		<u>Total All Outlets</u>	
<u>Year</u>	<u>No. of Permits</u>	<u>Taxable Transaction</u>	<u>No. of Permits</u>	<u>Taxable Transaction</u>
1998	686	690,285	1,934	981,759
1999	722	712,963	1,937	1,032,538
2000	727	804,215	1,891	1,192,205
2001	769	852,521	1,949	1,213,798
2002*	799	197,001	2,008	279,001

\* Through 1<sup>st</sup> Quarter 2002

Source: State Board of Equalization.

## Average Civilian Employment by Industry

The following is a summary of average employment by industry in Orange County from 1998 through 2002. This data does not include self-employed persons, volunteer workers, unpaid family workers, farmers, private household workers, or persons involved in labor-management disputes.

### ORANGE COUNTY WAGE SALARY EMPLOYMENT BY INDUSTRY

<u>Industry</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Agriculture	\$6,600	7,000	7,600	7,100	7,700
Mining and Construction	66,300	73,000	77,600	81,300	79,700
Manufacturing	214,500	213,300	216,700	208,500	190,000
Transportation & Public Utilities	27,700	28,600	30,400	30,400	28,500
Wholesale Trade	78,800	81,400	80,800	83,900	81,300
Retail Trade	139,600	143,700	147,800	150,100	152,400
Finance, Insurance, Real Estate	99,400	100,700	100,800	105,900	110,600
Services	502,000	526,800	546,500	562,500	569,300
Government	136,400	141,100	146,600	150,900	155,100

Source: State of California, Employment Development Department, Labor Market Information, Orange County MSA.

### TOP TEN EMPLOYERS

<u>Name of Company</u>	<u>Employment</u>	<u>Products</u>
Knott's Berry Farm	3,300	Entertainment Theme Park
Pepsi	745	Bottling
Nutrilite	489	Vitamin Manufacturer
Leach Corporation	400	Electronics Manufacturer
City of Buena Park	400	Municipality
Yamaha	370	Musical Instrument Distribution
Ultra Wheel Co.	350	Automotive Accessory Manufacturing
ADP	325	Payroll Services
Medieval Times	254	Entertainment Center
Georgia Pacific	243	Paper Good Manufacturer

Source: City of Buena Park, Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2002

## Public Utilities

The City provides its own water service to the general public. Industrial waste and sewer services are furnished by the Orange County Sanitation District. Electricity is provided by Southern California Edison, natural gas is provided by the Southern California Gas Company and the telephone service is supplied by Pacific Bell.

## Transportation

**Highways:** The Santa Ana Freeway (Interstate 5), a major northwest-southeast corridor and the Artesia Freeway (State Highway 91) and east-west highway both intersect the City. State Highway 39 (Beach Boulevard) is the major north-south thoroughfare through the City. Buena Park is also within minutes of the San Gabriel River Freeway (Interstate 605), a north-south freeway to the west, and the San Diego Freeway (Interstate 405) a northwest-southwest freeway south of the City.

**Rail:** Rail freight service is available from Southern Pacific, national Amtrak, Metrolink and Atchison, Topeka & Santa Fe Railroads. Water transportation is available at Long Beach and Los Angeles harbors, one hour west. In addition, truck freight service is available from both local and national trucking companies.

**Bus:** Bus service is provided by Orange County Rapid Transit District and Southern California Rapid Transit District. Overland bus service is available with Greyhound Busline.

**Air:** Air cargo and passenger flight services are provided at Los Angeles International Airport, 25 miles west, which is served by all major airlines; Long Beach Airport, 12 miles southwest; John Wayne Airport in Orange County, 18 miles southeast of the City. All of these airports provide regional service. Fullerton Municipal Airport, 1 mile to the east, also provides freight services as well as commuter services to Los Angeles International Airport.

## Assessed Valuations

Set forth below is a listing of the City's assessed valuations (before redevelopment adjustment) for fiscal years 1997-98 through 2001-2002.

### CITY OF BUENA PARK ASSESSED VALUATIONS

<b><u>Ending June 30</u></b>	<b><u>Secured</u></b>	<b><u>Non-unitary</u></b>	<b><u>Unsecured</u></b>	<b><u>Total</u></b>
1998	3,414,742,134	2,687,653	268,808,630	3,686,238,417
1999	3,514,810,233	2,828,316	275,225,868	3,792,864,417
2000	3,744,229,757	2,760,892	318,853,224	4,065,843,873
2001	4,060,905,399	2,759,346	352,316,082	4,415,980,827
2002	4,325,719,576	2,929,266	379,354,238	4,708,003,040

Source: City of Buena Park, Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2002

**CITY OF BUENA PARK  
TAX RATES, COLLECTIONS AND DELINQUENCIES**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Delinquent June 30</u>	<u>Percentages</u>
1997/98	\$4,200,657	\$(131,025)	-3.02%
1998/99	4,228,255	18,877	0.45%
1999/00	4,638,334	65,452	1.43%
2000/01	4,902,114	82,006	1.67%
2001/02	5,194,283	99,442	1.91%

Source: City of Buena Park, Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2002 & Co. of Orange Auditor-Controller's Office

**CITY OF BUENA PARK  
STATEMENT OF REVENUES AND EXPENDITURES  
All Government Fund Types  
For Fiscal Year Ended June 30<sup>1</sup>**

<i>Revenues</i>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>2000/01</u>	<u>2001/02</u>
Taxes	\$26,207,641	\$2,6705,500	\$31,424,178	\$34,438,927	\$34,360,508
Licenses and permits	627,204	708,706	611,560	374,209	564,318
Fines and forfeits	603,493	1,063,078	1,200,187	1,262,538	1,072,971
Intergovernmental	6,988,275	8,626,948	9,788,348	9,873,011	11,840,066
Charges for services	4,210,106	4,486,386	4,415,351	3,933,176	6,034,898
Miscellaneous Revenues <sup>2</sup>	<u>3,157,340</u>	<u>3,345,475</u>	<u>7,179,769</u>	<u>4,829,322</u>	<u>6,066,872</u>
<b>Total</b>	<b>\$41,794,059</b>	<b>\$44,936,100</b>	<b>\$54,619,393</b>	<b>\$54,711,183</b>	<b>\$59,939,633</b>
<i>Expenditures</i>					
General government	\$3,986,392	\$4,039,835	4,827,063	4,569,589	4,582,589
Leisure	1,913,692	2,027,431	2,032,564	1,233,703	1,342,615
Transportation	3,075,584	3,189,067	3,432,453	3,625,856	3,567,940
Public protection	15,838,666	17,137,438	18,011,212	18,843,659	19,145,911
Development	3,394,677	9,358,565	8,159,914	5,093,802	7,114,236
Environmental	830,855	894,030	868,244	1,885,636	1,968,237
Health & Education	2,072,825	2,114,462	2,180,669	2,046,804	2,317,438
Capital outlay	3,501,518	4,666,984	8,511,139	5,771,895	8,142,812
Debt service	<u>4,069,145</u>	<u>4,501,557</u>	<u>4,240,092</u>	<u>5,040,904</u>	<u>4,777,537</u>
<b>Total</b>	<b>\$38,683,354</b>	<b>47,929,369</b>	<b>52,263,350</b>	<b>48,111,848</b>	<b>52,959,315</b>

<sup>1</sup>Source: City of Buena Park, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2002

<sup>2</sup>Includes proceeds from sale of property and revenues from use of money and property.

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**APPENDIX D**

**FISCAL CONSULTANT'S REPORT**



**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK  
CONSOLIDATED REDEVELOPMENT PROJECT**

**PROJECTED TAX INCREMENT REVENUES**

**MAY 12, 2003**

**I. Introduction**

The Community Redevelopment Agency of the City of Buena Park ("Agency"), is proposing to issue its Series 2003 Tax Allocation Refunding Bonds ("Bonds") secured by a pledge of and lien on the tax increment revenues derived from its Consolidated Redevelopment Project ("Consolidated Project"). The Consolidated Project, subsequently described in this report, consists of the merger of four individual project areas including the Central Business District Project Area that secured the Series 1992 A and 1992 B bonds.

The California Community Redevelopment Law ("Law") provides for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorizes redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the base year value. The base year ("Base Year") value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of a project area or an amendment to a project area that adds area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provides that Tax Increment Revenues may be pledged by a redevelopment agency to the repayment of agency indebtedness.

The purpose of this fiscal consultant report ("Report") is to examine the current fiscal year and estimate, for subsequent fiscal years, the amount of tax increment revenues anticipated to be received by the Agency from the Consolidated Project. Provisions of the Redevelopment Law and the Redevelopment Plan determine the amount of tax increment that the Agency may utilize for purposes of making debt service on bonds, loan payments, payments pursuant to tax sharing agreements between the Agency and other taxing entities and payments on other obligations.

The estimated Pledged Revenues for the Consolidated Project are as shown in the table below for fiscal years 2002-03 through 2013-14. The Pledged Revenues exclude revenues from Project Area IV, which was adopted by the City Council of the City of Buena Park in the May of 2002 but only preliminary information is available from Orange County because identification of the Tax Rate Areas has not been finalized and the Agency is not eligible to receive tax increment until 2003-04.

**Consolidated Redevelopment Project  
(000's Omitted)**

<b>Fiscal Year</b>	<b>Incremental Taxable Value</b>	<b>Gross Revenue</b>	<b>Pledged Revenues</b>
2002-03	731,046	7,422	4,902
2003-04	749,424	7,607	5,288
2004-05	768,170	7,796	5,388
2005-06	787,290	7,988	5,490
2006-07	806,793	8,184	5,895
2007-08	826,687	8,385	6,001
2008-09	846,978	8,589	6,109
2009-10	867,675	8,797	6,220
2010-11	888,785	9,010	6,333
2011-12	910,318	9,227	6,445
2012-13	932,282	9,448	6,560
2013-14	954,685	9,673	6,677

The incremental taxable values of property and the resulting Gross Revenues and Pledged Revenues summarized above are reflected on Tables 1, 2 and 3 of the projections attached to this Report. Tables 4 through 16 present detailed information on each component area of the Consolidated Project. Although the revenues have not been included in the above table, Table 21 presents the potential Net Revenue anticipated from Project Area IV based upon preliminary estimates of assessed value provide by the County Auditor-Controller's Office in the Fall of 2002. The projections in this Report are based on the history of taxable values within the Consolidated Project and the property tax assessment and property tax apportionment procedures of the County of Orange ("County"). Future year assessed values, Gross Revenues and Pledged Revenues are estimates based upon the assumptions described in this Report. This Report should not to be construed as a guarantee of Agency revenues by GRC Associates, Inc.

**II. The Consolidated Project**

The Consolidated Project consists of four individual project areas adopted over the last twenty-four years. The Central Business District Project Area (CBD Project Area) was originally adopted by the Buena Park City Council on November 19, 1979 by Ordinance No. 1069 and consisted of 190 acres. The CBD Project Area was subsequently amended by Ordinance Nos. 1115-1124 to add ten sub-areas totaling approximately 300 acres to the CBD Project on November 16, 1981. The City Council adopted a second project area, Project Area II, on October 1, 1984 by Ordinance No. 1163. Project Area II included an additional 265 acres including 26 non-contiguous areas located throughout the City. Project Area II has been amended three times to add additional properties and to include the power of eminent domain through Ordinances Nos. 1204, 1243, and 1309. Project Area II now includes a total of approximately 311 acres. Project Area III was adopted on June 18, 1990 by Ordinance No. 1246, which added an additional 200 acres to the overall redevelopment planning effort of the City. Project Area III has since been amended by Ordinance No. 1309 in 1994. Project Area IV was adopted on May 7, 2002, by

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Ordinance No. 1421 and includes an additional 2,921 acres. Project IV is the largest project area, but since it was adopted in May 2002, the Agency has not yet received any tax increment from this project area.

The four project areas were subsequently merged by Ordinance No. 1422, adopted by the City Council on May 7, 2002. The project area formed by the merging of existing project areas is known as the Buena Park Consolidated Redevelopment Project (the "Consolidated Project"). The Consolidated Project now consists of a total of 3,940 acres and includes approximately 8,557 parcels. This includes 508 acres from within the CDB Project Area, 311 from Project Area II, 200 from Project Area III, and 2,921 from Project Area IV.

**A. Land Use**

The following table represents the breakdown of land use in the Consolidated Project, excluding Project Area IV, by assessed value for fiscal year 2002-03. Unsecured and Possessory Interest parcels are not shown because these parcels are tax bills that are assigned to secured parcels already and are accounted for in other categories. It should be noted that the figures below exclude the value for exempt parcels such as those owned by the City, Agency, State or other governmental agencies which do not contribute to Agency revenues. A land use breakdown by parcels for Project Area IV is shown in a separate table below.

**Consolidated Redevelopment Project (Excluding Project Area IV)**

<b>Use</b>	<b># Of Parcels</b>	<b>Assessed Value</b>	<b>Percent</b>
Residential	1188	\$367,513,415	36.20%
Commercial	271	353,615,146	34.83%
Industrial	29	55,191,640	5.44%
Recreational	2	14,640,501	1.44%
Institutional	3	1,033,482	0.10%
Vacant	45	10,944,102	1.08%
Miscellaneous	57	108,785,076	10.72%
SBE Nonunitary Utility	<sup>[1]</sup>	309,484	0.03%
Unsecured	<sup>[1]</sup>	103,135,533	10.16%
<b>Total</b>	<b>1595</b>	<b>\$1,015,168,379</b>	<b>100.00%</b>

<sup>[1]</sup> Values assigned to other parcels

**Project Area IV Land Use**

<b>Use</b>	<b># Of Parcels</b>	<b>Acreage</b>	<b>Percent</b>
Residential	6,363	1,140	39.0%
Commercial	276	383	13.1%
Industrial	232	475	16.3%
Public Uses	81	130	4.5%
Vacant	10	4	0.1%
Streets/R.O.W.	—	789	27.0%
<b>Total</b>	<b>6,962<sup>[1]</sup></b>	<b>2,921</b>	<b>100.0%</b>

<sup>[1]</sup> Based on preliminary analysis from the City of Buena Park.

**B. Redevelopment Plan Limits**

Redevelopment Law limits the period during which redevelopment activities can take place for plans adopted prior to January 1, 1994, to 40 years from the date of adoption or January 1, 2009, whichever is later, and limits the period within which a redevelopment project area may receive tax increment to 50 years following the adoption. If redevelopment plans with shorter time frames were adopted, legislative bodies were allowed to extend their limits to conform to these requirements through the adoption of an ordinance prior to December 31, 1999. For projects adopted subsequent to 1994, redevelopment activities can be undertaken for 30 years and tax increment received for 45 years. These shorter timeframes will apply to Project Area IV.

A redevelopment plan adopted prior to January 1, 1994 is required to include a limitation on tax increment dollars that may be allocated to the redevelopment agency; a time limit on incurring indebtedness to be repaid with tax increment; and a limit on the amount of bonded indebtedness to be repaid with tax increment that can be outstanding at one time. These limits can be extended only by an amendment of the redevelopment plan. The legislative body, by adoption of an ordinance, can eliminate the time limit on the establishment of loans, advances, and indebtedness required prior to January 1, 2002.

The City Council adopted a series of ordinances conforming the time limits of the certain individual project areas to the maximum allowed by law and also adopted an ordinance for CBD Project Area, Project Area II and Project Area III eliminating the date to incur debt. For the period that these amendments take place, the Agency is subject to statutory tax sharing requirements with all taxing entities that did not have a previous tax sharing agreement. The redevelopment plan for Consolidated Project amended the limit on bond debt for the individual project areas. In place of individual limits on bond debt, the Consolidated Project established a total limit of \$185,000,000 for all four projects areas.

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**Consolidated Redevelopment Project Area Plan Limits**

	<b>Plan Expiration</b>	<b>Last Date to Incur New Debt</b>	<b>Last Date to Repay Debt with Tax Increment</b>	<b>Tax Increment Limit</b>	<b>Limit on Total Tax Increment Bond Debt <sup>[1]</sup></b>
CBD Project Area & Amendments	2019,2021	2014	2029, 2031	\$250,000,000	
Project Area II & Amendments	2024	2014	2034	\$150,000,000	
Project Area III & Amendments	2030	2020	2040	\$405,000,000	
Project Area IV	2032	2022	2047	None	
<b>Total Project</b>					<b>\$185,000,000</b>

<sup>[1]</sup> Limit is on Consolidated Project Area and not individual project areas.

According to the records of the Orange County Auditor-Controller, through the end of fiscal year 2001-02, the Agency has received a cumulative total of \$49,352,659 in tax increment revenue from the CBD Project Area and Amendments; \$21,743,978 in tax increment revenue from Project Area II; and, \$4,204,829 in tax increment revenue from Project Area III. The Agency has not yet received any tax increment from Project Area IV. The Agency will begin to receive tax increment for Project Area IV in the 2003-04 fiscal year. Based on the projected tax increment revenues to be received by the Agency, the tax increment limits for these portions of the Consolidated Project will not be exceeded within the term of the refunding bonds.

**III. Consolidated Project Assessed Values**

**A. Assessed Values**

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Consolidated Project. The assessments are assigned to Tax Rate Areas (TRA) that are coterminous to the boundaries of the project area the first year that an agency is eligible to receive tax increment revenue.

Historic taxable values since 1996-97, were utilized to determine the historical growth rate of property values within the CBD Project Area, Project Area II and Project Area III. Property values within these project areas grew at a compounded rate of 10.6% per year between the years 1996 and 2002. Total assessed property values only declined during the 1996-97 fiscal year, during which there was a 2.87% decrease in value primarily as a result of successful appeals. During 1998-99, 1999-2000, and 2000-01, however, there was substantial growth attributed to property re-sales and new housing development. During the last two years, the growth rate has decreased to approximately 2% per year. GRC is not aware of any substantial development activities or potential exemptions that would substantially affect property values in the Consolidated Project in the coming future.

Redevelopment law dictates that Project Area IV will not be eligible to receive tax increment until 2003-04. However, a preliminary analysis of assessed values, prepared by Orange County, indicates that Project Area IV is expected to produce incremental value in fiscal year 2003-2004. The Agency is expected, based on Orange County preliminary estimates, to receive net tax increment in the amount of \$1,028,000 from Project Area IV beginning in 2003-2004 for growth in assessed value between the base year and fiscal year 2003-04. The County has not completed its analysis and actual revenues may vary from the preliminary results, and consequently, this revenue has not been included in projections for the Consolidated Project.

**B. Top Ten Taxable Property Owners**

A review of the top ten taxable property owners in the Consolidated Project, excluding Project Area IV, for fiscal year 2002-03 was conducted. Within the Consolidated Project, the aggregate total taxable value for the ten largest taxpayers totaled \$233,782,735 of the incremental property values. These top-ten taxpayers account for 24.89 percent of the secured incremental value within the Consolidated Project and 0.16 percent of the unsecured incremental value. A list of the top ten taxpayers, and the number of parcels attributed to each owner for the Consolidated Project, excluding Project Area IV, is presented on Table 4.

**IV. Tax Allocation and Disbursement**

**A. Property Taxes**

The taxable values of property are established each year on the property tax lien date. Prior to 1997 the lien date was March 1 for locally assessed property and January 1 for State assessed utility property. Beginning with 1997, the lien date is January 1 for both locally and State assessed property.

Real Property reflects the reported assessed values for secured and unsecured land and improvements. Pursuant to Article XIII A of the State Constitution, the value of locally assessed Real Property may only be increased up to two percent annually to reflect inflation. Real Property values are also permitted to increase as a result of a change of ownership or new construction. Utility property assessed by the State Board of Equalization may be revalued annually and such assessments are not subject to the inflation limitations of Article XIII A. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual two percent limit of locally assessed Real Property.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate.

**B. Supplemental Assessments**

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as a Supplemental Assessment and is determined by applying the current year's tax rate to the amount of increase in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85 revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The Agency received \$216,699 in revenue from Supplemental Assessments<sup>1</sup> within the Consolidated Project during fiscal year 2001-02 and \$514,372 during fiscal year 2000-01. This revenue is indicative of new development that was assessed after finalization of the tax roll and sales of property at prices that were

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<sup>1</sup> Supplemental Assessments as reported by Orange County Auditor-Controller in 2001-02 Year End Property Tax Ledger.

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higher than the assessed value. We have not included revenues or revenue reductions resulting from Supplemental Assessments in our projections.

**C. Tax Rates**

Tax rates will vary within a community and a project area. The tax rate for any particular parcel is based upon the taxing entities levying the tax rate for the area where the parcel is located. The tax rate consists of the General Levy Tax Rate of \$1.00 per \$100 of taxable values and the Over-ride Tax Rate. The Over-ride Tax Rate is that portion of the tax rate that exceeds the General Levy Tax Rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

The State Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from Over-ride Tax Rates levied for repayment of indebtedness approved by the voters after December 31, 1988. The Over-ride Tax Rates typically decline each year as a result of (1) increasing property values (which would reduce the Over-ride Tax Rate required to produce the revenue necessary to meet debt service obligations) and (2) the eventual retirement of debt over time. The tax rate levied by the Metropolitan Water District is authorized by a contract and does not have a termination date.

The Consolidated Project, excluding Project Area IV, contains 15 Tax Rate Areas (TRA's). A Tax Rate Area is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the General Levy and those taxing entities with voter approved Over-ride Tax Rates receive the revenue resulting from that tax rate. For the revenue projections contained within this report, it is assumed that the tax rate is \$1.0067 per \$100 of secured and unsecured assessed value. This tax rate is exclusive of debt service components that were approved by voters after December 31, 1988 and, therefore, do not generate revenue that may be allocated to the Agency. The breakdown of the tax rate that is applicable to the Consolidated Project is as follows:

General Levy	1.000000
Metropolitan Water District	<u>.006700</u>
<b>RDA Applicable Rate:</b>	<b>1.006700</b>

The Override Rate levied by the Metropolitan Water District is authorized by a contract and does not have a termination date. Therefore, we have held the tax rate constant at \$1.0067 for the life of our projections.

**D. Allocation of Taxes**

Taxes paid by property owners are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. The County disburses Tax Increment Revenue to all redevelopment agencies from November through August with approximately 45 percent of secured revenues apportioned by the end of December. Unsecured revenues are disbursed in September, January and June of each fiscal year.

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**E. Annual Tax Receipts to Tax Levy**

The Agency received a total of \$7,385,038 in tax increment revenue from the Consolidated Project for fiscal year 2001-02. This total is inclusive of revenues from supplemental assessments, homeowner's exemptions, public utilities and prior year collections and net of County withholdings for refunds. The County administration fee of \$69,026 was deducted from the agency's 2001-02 tax revenues. The Agency received a total of \$7,101,723 in tax increment revenue for fiscal year 2000-2001. This total is inclusive of revenues from supplemental assessments, homeowner's exemptions, public utilities and prior year collections and net of County withholdings for refunds.

The County of Orange apportions tax revenues to redevelopment agencies based upon the amount of the tax levy that is received from the taxpayers. Secured collection rates for the Consolidated Project have been consistently high. The following table illustrates the tax revenue collections for previous five years.

Fiscal Year	Tax Levy	Apportioned	Collection %	Prior Year Collections [1]	Total Apportioned	Total Collection %
1996-97	\$4,117,413	\$3,722,158	90.40%	\$312,142	\$4,034,300	97.98%
1997-98	4,102,455	3,873,032	94.41%	378,842	4,251,874	103.64%
1998-99	4,614,986	4,383,706	94.99%	375,196	4,758,902	103.12%
1999-00	5,567,441	5,506,023	98.90%	1,067,804	6,573,827	118.08%
2000-01	6,694,142	6,554,918	97.92%	546,805	7,101,723	106.09%
2001-02	7,429,816	7,113,749	95.75%	271,289	7,385,038	99.40%

[1] Prior year collections include supplemental revenue, reductions for taxpayer's refunds, and revenue from prior years.  
Source: Orange County Auditor-Controller's Office, Year-End Property Tax Ledgers 1996-2002

Tax increment revenue projections contained in this report do not include any adjustments for delinquencies or collection history.

**F. Assessment Appeals**

**CBD Project Area**

Since 1998-1999 there have been 76 assessment appeals filed on properties within the original CBD Project Area. Of the 76 appeals filed, 12 have been allowed with a reduction in value and 50 have been denied. These figures result in an average of 19.4 percent of resolved appeals being allowed with a reduction of value. The historical average reduction in value for allowed appeals is 35.61 percent. There are 14 appeals currently pending on property within the original CBD Project Area. These owners have appealed valuations totaling \$4,820,108. Based on the above historical averages, GRC Associates expects that 19.4 percent of outstanding appeals will result in a reduction of value, with the reduction of value being 35.61 percent for each successful appeal. This would result in a loss of value of \$332,244. Projected assessed values for 2002-03 have been adjusted for this estimated loss in value. The historical appeals data for the CBD Project Area is presented in Table 8 of the projections.



**CBD 1981 Amendment Project Area**

Since 1998-1999 there have been 39 assessment appeals filed on properties within the CBD 1981 Amendment Project Area. Of the 39 appeals filed, 10 have been allowed with a reduction in value and 20 have been denied. These figures result in an average of 33.3 percent of resolved appeals being allowed with a reduction of value. The historical average reduction in value for allowed appeals is 12.61 percent. There are 9 appeals currently pending on a property within the original CBD 1981 Amendment Project Area. These owners have appealed valuations totaling \$118,771,066. Based on the above historical averages, GRC Associates expects that 33.3 percent of outstanding appeals will result in a reduction of value, with the reduction of value being 12.61 percent for each successful appeal. This would result in a loss of value of \$4,990,920. Projected assessed values for 2002-03 have been adjusted for this estimated loss in value. The historical appeals data for the CBD 1981 Amendment Project Area is presented in Table 12 of the projections.

**Project Area II**

Since 1997-98 there have been 87 assessment appeals filed on properties within Project Area II. Of the 87 appeals filed, 11 have been allowed with a reduction in value and 49 have been denied. These figures result in an average of 18.3% percent of resolved appeals being allowed with a reduction of value. The historical average reduction in value for allowed appeals is 18.38 percent. There are 10 appeals currently pending on a property within Project Area II. These owners have appealed valuations totaling \$28,953,984. Based on the above historical averages, GRC Associates expects that 18.3 percent of outstanding appeals will result in a reduction of value, with the reduction of value being 18.38 percent for each successful appeal. This would result in a loss of value of \$975,446. Projected assessed values for 2002-03 have been adjusted for this estimated loss in value. The historical appeals data for Project Area II is presented in Table 16 of the projections.

**Project Area III**

Since 1997-98 there have been 18 assessment appeals filed on properties within Project Area III. Of the 18 appeals filed, 2 have been allowed with a reduction in value and 12 have been denied. These figures result in an average of 14.3 percent of resolved appeals being allowed with a reduction of value. The historical average reduction in value for allowed appeals is 11.04 percent. There are 4 appeals currently pending on a property within Project Area III. These owners have appealed valuations totaling \$43,215,134. Based on the above historical averages, GRC Associates expects that 14.3 percent of outstanding appeals will result in a reduction of value, with the reduction of value being 11.04 percent for each successful appeal. This would result in a loss of value of \$681,640. Projected assessed values for 2002-03 have been adjusted for this estimated loss in value. The historical appeals data for the Project Area III is presented in Table 20 of the projections.

A number of the appeals in the Consolidated Project that were allowed with a reduction in value were based on Section 51 of the Revenue and Taxation Code which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions took place in some counties during the mid-1990's due to declining real estate values. Reductions made under this code section may be initiated by the Assessor or requested by

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the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be in accordance with the actual full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

**G. County Collection Charges**

Counties are permitted by State law to recover charges for property tax administration in an amount equal to their property tax administration costs. For the fiscal year 2001-02, the amount of County collection charges attributed to the Consolidated Project is \$69,026. For purposes of these projections, GRC has assumed that the County will continue to charge the Agency for property tax administration and that such charge will be 0.928% percent of the gross revenues (see Tables 1 and 2) based on information provided by the Orange County Auditor-Controller on February 25, 2003.

**H. Allocation of State Assessed Unitary Taxes**

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter (921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Since 1988-89, tax revenues derived from unitary property assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of the project area, therefore, the base year of project areas have been reduced by the amount of utility value that existed originally in the base year. Within the Consolidated Project, the Auditor Controller has allocated \$62,486 in unitary tax revenue to the Agency for 2002-03. This amount is reasonably consistent with the unitary revenue allocations made to the Agency in prior years. We have assumed that unitary tax revenue will continue to be allocated in similar amounts for the life of the Consolidated Project.

**V. Low and Moderate Income Housing Set-Aside**

Section 33334.6 of the Law requires redevelopment agencies to set aside 20 percent of all tax increment revenues from project areas adopted prior to January 1, 1977 into a low and moderate income housing fund (the Housing Set-Aside Requirement). An agency can reduce the Housing Set-Aside Requirement if it annually makes certain prescribed determinations that are consistent with the housing element of the general plan. These findings are: (1) that no need exists in the community to improve or increase the supply of low and moderate income housing; or, (2) some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need. In order to make findings (1) or (2), the Agency's finding must be consistent with the housing element of the community's general plan, including its share

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of the regional housing needs of very low income households and persons and families of low or moderate income. No such findings have been made by the Agency.

To the extent a portion of tax allocation bond proceeds are deposited into the Housing Set-Aside Fund, debt service on such bonds fulfills the Housing Set-Aside Requirement reflecting the portion of net bond proceeds deposited in the Housing Set-Aside Fund. The Agency allocated bond proceeds funded by tax increment from Project Area II to the Housing Set-Aside Fund. Specifically, when the Agency issued 1988A Refunding Parity Bonds (the Series 1988A Bonds) that refunded previous bonds from which 20 percent of the net proceeds were deposited in the Housing Set-Aside Fund. At the same time the Agency issued 1988 Series B Parity Bonds with no deposit of proceeds into the Housing Set-Aside Fund. The Community Redevelopment Agency of the City of Buena Park estimates 17% of the debt service on these Bonds, which were refunded in 2000, is attributable to Housing Set-Aside Requirement and have reduced the total Housing Set-Aside Requirement by that estimated amount. The Agency has advised GRC that it contributes \$82,160 annually from the Project Area II Housing Set-Aside Requirement to meet this debt service.

When Project Area III was created, the Agency entered into a settlement agreement requiring an additional 5% of the gross tax increment to be pledged to the Housing Set-Aside Fund. As a result, the Agency apportions 25% of the gross tax increment from Project Area III to Housing Set-Aside.

## **VI. Legislation**

In order to address State Budget deficits, the Legislature enacted SB614, SB844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide Education Revenue Augmentation Fund (the ERAF). The Agency was allowed to use any funds legally available and not legally obligated for other uses, including reserve funds, bond proceeds, earned income and proceeds of land sales to satisfy this obligation, but was prohibited from using moneys in the Low and Moderate Income Housing Fund (the Housing Fund). The obligation is applied to the agency and not to specific project areas. All ERAF obligations of the Agency in the above noted years have been fulfilled and no repayment obligation exists.

In addition to the payments from redevelopment agencies, the State budget solutions have involved the shifting of property tax revenues from cities, counties and special districts to the ERAF. In Orange County, this shift has been accomplished by allocating to the ERAF its share of taxes in the same manner as they are distributed to other taxing entities except for redevelopment agencies whose revenue is distributed in accordance with its incremental taxable value.

Recently the State introduced a one-time ERAF shift for the 2002-03 year for all redevelopment agencies to meet the current State budget deficit. The Agency's ERAF obligation is estimated \$261,756, which will be withheld by the County. No future ERAF obligations have been adopted, but it is possible and it has been suggested by certain State legislators, that the Legislature could shift property tax allocations or require additional redevelopment payments in future years. Since this shift was a one-time shift from the base year 2002-03, it is not included in the tax increment projections for years after 2002-2003.

**VII. Tax Sharing Agreements and Other Obligations**

**A. Owner Participation Agreements**

Within the body of this section, all owner participation agreements and disposition and development agreements that the Agency has entered into require the Agency to make payments to another party in future years are described below. With the exception of the agreement with Catellus Residential Group, all payments are assumed to be subordinate to bond debt payments.

On October 15, 1997, the Agency entered into an agreement with Catellus Residential Group (Catellus) to assist in the development of a 350 unit residential community. Under the agreement, the Agency is obligated to pay Catellus forty percent (40%) of the tax increment over the \$3,481,824 base year valuation, to a maximum of \$300,000 per year. Payments continue until June 30, 2010 or until Catellus receives a maximum of \$1,350,000 plus 8.5% interest. As early as 2001, the valuation of the Project exceeded the maximum annual payment cap of \$300,000. GRC has assumed that the Agency will be required to pay this maximum payment amount until the maximum assistance has been reached. Based on prior payments, and the maximum annual payment, GRC has estimated that the Agency will be required to make payments until 2006. Since this agreement specifically addresses tax increment, GRC has assumed that these payments are not subordinate to bond debt have been included in our projections.

The Agency entered into an agreement with the House of Imports, Inc. (HOI) on October 27, 1997, to assist in the expansion of an auto dealership. The Agency agreed to pay HOI an amount equal to 35 percent of the increased sales tax over the base year sales tax of \$631,752 up to \$1,500,000. The Agency entered into a second assistance agreement providing for payments equal to an additional twenty-five percent (25%) of the sales tax per year for 10 years, up to \$300,000. Therefore, the total assistance is capped at \$1,800,000. This Agreement does not specifically allocate tax increment and therefore is assumed to be subordinate to the pledge of tax increment to repayment of the Bonds. Payments to the House of Imports are not included in the projections.

The Agency entered into an agreement with Circuit City Stores West Coast, Inc. on June 17, 1996 to facilitate the development of a retail store. The agreement provides for the sharing of revenue equal to a percentage of the sales tax up to a maximum amount of \$600,000 or ten years, whichever comes sooner. These payments are assumed to be subordinate to the pledge of tax increment to repayment of the Bonds.

The Agency entered into an agreement with Lew Webb Toyota on February 14, 1994. Agreement required Toyota to guarantee sales tax for a period of 10 years. Lew Web Toyota exercised additional options on the contract in 1996 to expand the facilities. The combined agreements require Lew Webb Toyota to meet a minimum sales tax of \$550,000 per year for a period of 10 years. Lew Webb Toyota is required to pay the Agency any amount under this threshold. If the business generates between \$550,000 and \$600,000 in sales tax, Lew Webb Toyota receives an amount equivalent to the entire sales tax above \$550,000, and for any amount over \$600,000 Lew Webb receives 25%. Payments began 1/1/98 and run for 10 years. The dealership's performance has not yet met the minimum requirement and has made payments to the Agency. Any Agency assistance required from this agreement is assumed to be subordinate to the pledge of tax increment to repayment of the Bonds.

The Agency entered into an agreement with Crown Beach Boulevard Associates, LLC. on September 12, 2000, to assist in the redevelopment of a certain site. The agreement provides assistance of up to

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\$250,000 (depending on actual construction costs) plus annual interest rate at 9.5%. The Agency is required to make annual payments of \$50,510 for a period of 7 years or through 2006, as long as the restaurant remains open. This agreement does not specifically allocate tax increment and thus it is assumed to be subordinate to the pledge of tax increment to repayment of the Bonds.

The Agency entered into an agreement with Wal-Mart, on October 9, 2001, to defray extraordinary development costs of the store site. The Agency will annually reimburse Wal-Mart an amount equal to 50% of the sales taxes they generate over \$500,000. Total payments are not to exceed \$300,000 over seven years and will commence after the store is open. This agreement does not specifically allocate tax increment and thus it is assumed to be subordinate to the pledge of tax increment to repayment of the Bonds.

**B. Tax Sharing Obligations**

Pursuant to Section 33401(b) of the Redevelopment Law, a redevelopment agency may enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing agency, and therefore, are commonly referred to as "pass-through" agreements or "tax sharing" agreements. The following paragraphs describe the pass-through agreements the Agency has entered into with respect to each project area.

CBD Project Area and CBD 1981 Amendment Project Area

The Agency does not currently have any tax sharing obligations for the CBD Project Area and CBD 1981 Amendment Area. However, when the Agency extended the time limit for incurring debt by City Council Ordinance No. 1418, this action initiated statutory pass-throughs to all affected tax agencies in accordance with State Assembly Bill 1290. These statutory pass-throughs will begin in the year 2004-2005 and equal 20% of the tax increment growth resulting from an increase of assessed value above a 2003-2004 base year. An additional pass through will begin in the year 2014-2015 at a rate of 16.67% of the tax increment growth above a base year of 2013-2014.

Project Area II

County of Orange General Fund and Flood Control District. Pursuant to its agreement with Orange County, including the General Fund and Flood Control, the Agency is to pay the County 100 percent of its share of Tax Increment derived from the annual 2% (or less) inflation adjustment, 50 percent of the General Fund share in excess of the inflation revenue, and 80 percent of the Flood Control share in excess of the inflation revenue. These payments are not subordinated to bond indebtedness.

Orange County Water District. In each year, commencing with fiscal year 1985-86, the Agency will pay to the Water District a sum equal to 50% of the Water District portion (.7%) of the tax increment revenues. These payments are not subordinated to bond indebtedness.

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Buena Park Library District. The Library District is to receive 100 percent of its share of Tax Increment derived from the annual inflation adjustment, and 80 percent of tax increment in excess of the inflation revenue. This obligation is subordinate to bond indebtedness.

Anaheim Union High School District. For each fiscal year, the Agency pays the District 12 percent of the portion of tax increment (15.4%) over the portion of the Project Area attributed to the District (20%). These payments are not subordinated to bond indebtedness.

Fullerton Union High School District. The Agency pays the District 12% of the districts share of tax increment derived from the portion of the project (80%) that is attributed to the District. These payments are not subordinated to bond indebtedness.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 25 percent of the Board's share of tax increment (3.57%) from Project Area II. These payments are not subordinated to bond indebtedness.

Statutory Pass-Throughs. When the Agency extended the time frame to incur debt under the redevelopment plan by City Council Ordinance No. 1418, this initiated statutory pass-throughs to all affected tax agencies that do not currently have tax sharing agreements in accordance with State Assembly Bill 1290. The general levy share of all agencies that do not currently possess tax-sharing agreements is 64.93% of every \$1.00 of property tax generated. These statutory pass-throughs to affected agencies will begin in the year 2004-2005 at a rate of 20% of the tax increment growth with a base year of 2003-2004. An additional pass-through will begin in the year 2014-2015 at a rate of 16.67% of the tax increment growth with a base year of 2013-2014.

Project Area III

County of Orange General Fund and Harbors Beaches, and Parks. Pursuant to its agreement with Orange County General Fund and Harbors Beaches and Parks, the Agency is to pay 55 percent of their combined share (7.07%) share of general levy tax increment. These payments are not subordinated to bond indebtedness.

Orange County Flood Control. The Orange County Flood Control District receives 100% of its share (1.82%) of general levy tax increment. These payments are not subordinated to bond indebtedness.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 100 percent of its share (3.40%) of Tax Increment derived from the annual inflation adjustment, and 40 percent of tax increment in excess of the inflation revenue. This obligation is not subordinate to bond indebtedness.

Orange County Vector Control. Pursuant to its agreement with the Orange County Vector Control department, the Agency pays the department annually its share (0.10%) of general levy tax increment. This obligation is not subordinate to bond indebtedness.

Orange County Water District. The Water District receives its 50 percent of its share (0.74%) of the general levy tax increment. These payments are not subordinated to bond indebtedness.

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North Orange County Community College District. The Community College District receives 100 percent of its share (6.41%) of Tax Increment derived from the annual inflation adjustment, and 40 percent of tax increment in excess of the inflation revenue. This obligation is not subordinate to bond indebtedness.

Anaheim Union High School District. For each fiscal year, the Agency pays the District 50 percent of its stipulated share of tax increment (14.4%) over the entirety of the Project Area. These payments are not subordinated to bond indebtedness.

Fullerton Union High School District. The Agency pays the District 25% of the districts share (20.6%) of tax increment derived from the portion of the project that is attributed to the District. The District's weighted average share of the entire project is 3.57 percent. These payments are not subordinated to bond indebtedness.

Buena Park School District. The District receives 50 percent of its share (23.1%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 50% of its weighted average share (4.01%) of tax increment from the entire project area net of the inflationary amount. This obligation is not subordinate to bond indebtedness.

Centralia School District. The District receives 100 percent of its share (33.0%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 23.56 percent of its weighted average share (28.09%) of tax increment from the entire project area net of the inflationary amount. This obligation is not subordinate to bond indebtedness.

Buena Park Library District. The Library District receives 80 percent of its share (2.79%) of general levy tax increment. This obligation is not subordinate to bond indebtedness.

Statutory Pass-Throughs. When the Agency extended the time frame to incur debt under the redevelopment plan by City Council Ordinance 1418, this initiated statutory pass-throughs to all affected tax agencies that do not currently have tax sharing agreements in accordance with State Assembly Bill 1290. The general levy share of all agencies that do not currently possess tax-sharing agreements is 64.93% of every \$1.00 of property tax generated. These statutory pass-throughs to affected agencies will begin in the year 2011 at a rate of 20% of the tax increment growth with a base year of 2010. An additional pass-through will begin in the year 2021 at a rate of 16.67% of the tax increment growth with a base year of 2020.

### **VIII. Development Activities**

New development is one of the primary sources of increased in assessed property values above the 2% annual inflation factor. In this section, current or recent development activities, from within the Consolidated Redevelopment Project Area are described below. GRC has not included any increases in assessed value projections due to these new development activities.

Buena Park Mall. Originally built in the 50's, the mall has been remodeled on several occasions. Recently, with the closing of Fedco discount department store and the J.C. Penney store, much of the mall has been vacant. However, in conjunction with a major developer, the mall is in the process of a \$40 million dollar renovation. New tenants include Wal-Mart, a multi-screen Krikorian Theater, Ross Dress For Less, Burlington Coat Factory, Chili's, Pat and Oscar's, Bed Bath and Beyond, and Fresh Choice. Adjacent to the 91,000 square foot Krikorian Theater complex, 20,000 square feet of new retail and restaurant space is being developed. Portions of this renovation have occurred over several years and may have already been assessed. The renovations are nearing completion. GRC has not considered any additional assessed value from the mall in these projections.

Buena Park Place. The Buena Park Place is located across the street from the Buena Park Mall. Recently a new Kohl's store has opened and the existing Circuit City will be complemented by a new anchor space that is being developed. Proposed tenants include Michael's, PetsMart, and Office Depot. There will also be an additional 9,000 square feet of restaurant and retail space developed. GRC has not considered any additional assessed value from this development in these projections.

University Housing. A former flood control catch basin, at the corner of Malvern Avenue and Dale Street, has been developed as 86 single family homes by a partnership between Cal State University Fullerton and the Agency. Of the 86 units, 11 are affordable to families earning 80% of the Orange County Median Family Income ("MFI") and the remaining units are affordable to families earning less than 120% of the MFI. All but 11 of the homes have sold with an average selling price of \$209,600. The development is part of the Buena Park Transit Village, which upon completion will include a Metrolink train station, 300 commuter parking spaces, and a proposed daycare center. GRC has not considered any additional assessed value from this development in these projections.

Carmax. Over 13 acres of parcels have been acquired by the Agency to accommodate Carmax, a pre-owned automobile dealership. This dealership will be the largest in the City. The Agency is currently in the final stages of renegotiating the agreement with Carmax and construction is expected to start in the Fall of 2003. GRC has not considered any additional assessed value from this development in these projections.

### **IX. Trended Taxable Value Growth**

Growth in real property land and improvement values have been limited to an assumed rate of growth of real property taxable values of two percent annually as allowed under Article XIII A of the state Constitution. A two percent growth rate has been assumed because it is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but four years since 1981. The years



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in which less than two percent growth was realized were 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%) and 1999-00 (1.85%). Should the growth of taxable value in the project areas be less than two percent, the resultant Gross Tax Increment Revenues would be reduced proportionately. GRC Associates make no representation that taxable values will actually grow at two percent. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than two percent when real estate values increase more than two percent (see Section III.F above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this report might also impact property taxes and Tax Increment Revenue. GRC Associates makes no representation that taxable values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increased or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the Orange County Assessor and Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the individual appraiser's judgment. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

**Table 1**  
**Buena Park Consolidated Redevelopment Project (w/o Project Area No. IV)**  
**Projection of Tax Increment Revenue**  
 (000's Omitted)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Taxable Values (1)</b>											
Land	388,048	395,809	403,725	411,800	420,036	428,436	437,005	445,745	454,660	463,753	473,028
Improvements	537,484	548,234	559,198	570,382	581,790	593,428	605,294	617,400	629,748	642,343	655,190
Less Exemptions	(6,619)	(6,752)	(6,887)	(7,025)	(7,165)	(7,308)	(7,455)	(7,604)	(7,756)	(7,911)	(8,069)
Personal Property (2)	84,996	84,996	84,996	84,996	84,996	84,996	84,996	84,996	84,996	84,996	84,996
<b>Total Projected Taxable Value</b>	<b>1,003,909</b>	<b>1,022,287</b>	<b>1,041,033</b>	<b>1,060,153</b>	<b>1,079,656</b>	<b>1,099,550</b>	<b>1,119,841</b>	<b>1,140,538</b>	<b>1,161,648</b>	<b>1,183,181</b>	<b>1,205,145</b>
<b>Taxable Value over Base</b>	<b>272,863</b>	<b>749,424</b>	<b>768,170</b>	<b>787,290</b>	<b>806,793</b>	<b>826,687</b>	<b>846,978</b>	<b>867,675</b>	<b>888,785</b>	<b>910,318</b>	<b>932,282</b>
Gross Tax Increment Revenue (3)	7,359	7,544	7,733	7,926	8,122	8,322	8,527	8,735	8,947	9,164	9,385
Unitary Tax Revenue	62	62	62	62	62	62	62	62	62	62	62
<b>Adjusted Gross Revenues</b>	<b>7,422</b>	<b>7,607</b>	<b>7,796</b>	<b>7,988</b>	<b>8,184</b>	<b>8,385</b>	<b>8,589</b>	<b>8,797</b>	<b>9,010</b>	<b>9,227</b>	<b>9,448</b>
<b>LESS:</b>											
Housing Set Aside Requirement (4)	(1,440)	(1,478)	(1,518)	(1,558)	(1,599)	(1,641)	(1,683)	(1,727)	(1,771)	(1,816)	(1,862)
SB 2557 Admin. Fee (5)	(69)	(71)	(72)	(74)	(76)	(78)	(80)	(82)	(84)	(86)	(88)
2002-03 ERAF Shift (6)	(262)										
<b>Pass Throughs</b>											
Pass throughs to other agencies (7)	(450)	(470)	(517)	(566)	(615)	(665)	(717)	(769)	(822)	(879)	(938)
<b>OPA Tax Increment Pledges</b>											
OPA Tax Sharing Agreements (8)	(300)	(300)	(300)	(300)	0	0	0	0	0	0	0
<b>Pledged Revenues</b>	<b>4,902</b>	<b>5,288</b>	<b>5,388</b>	<b>5,491</b>	<b>5,895</b>	<b>6,001</b>	<b>6,109</b>	<b>6,220</b>	<b>6,333</b>	<b>6,445</b>	<b>6,560</b>
<b>Subordinate Pass Throughs</b>											
Pass throughs to other agencies (9)	(54)	(55)	(57)	(58)	(60)	(62)	(63)	(65)	(67)	(69)	(71)
<b>Total Revenues</b>	<b>4,848</b>	<b>5,233</b>	<b>5,332</b>	<b>5,432</b>	<b>5,835</b>	<b>5,939</b>	<b>6,046</b>	<b>6,155</b>	<b>6,266</b>	<b>6,377</b>	<b>6,489</b>

(1) Taxable values as reported by Orange County. Projections inflate Land, Improvements and Exemptions 2% per year.  
 (2) Personal property is held constant at 2002-03 level.  
 (3) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed project tax rate and adjusted for indebtedness approved by voters prior to 1988. The assumed future tax rates remain at \$1,0067 per \$100 of taxable value.  
 (4) Housing Set Aside calculated at 20% of Adjusted Gross Revenue. This amount is reduced slightly for Project Area II due to debt service payments.  
 (5) Orange County Administration Fee is estimated at 0.928% of Gross Revenue. Factor given by County 2-25-03.  
 (6) 2002-03 ERAF shift.  
 (7) See individual project area projections for details of pass throughs.  
 (8) See individual project area projections for details of pass throughs.  
 (9) See individual project area projections for details of pass throughs.

**Table 2**  
**Buena Park Consolidated Redevelopment Project (w/o Project Area No. IV)**  
**Extended Projection of Tax Increment Revenue**  
 (000s Omitted)

Year	Taxable Value		Unitary Tax	Gross Tax Revenue	SB 2557 Charge	2002 ERAF	Adjusted Gross Revenues	Housing Set-Aside	Pass-Throughs Agreements	OPAs	Tax Revenues	Subordinate Pass-Throughs	Total Revenues
	Total Taxable Value	Over Base											
2002-03	1,003,909	272,863	62	7,422	(69)	(262)	7,091	(1,440)	(450)	(300)	4,902	(54)	4,848
2003-04	1,022,287	749,424	62	7,607	(71)	0	7,536	(1,478)	(470)	(300)	5,288	(55)	5,233
2004-05	1,041,033	768,170	62	7,796	(72)	0	7,723	(1,518)	(517)	(300)	5,388	(57)	5,332
2005-06	1,060,153	787,290	62	7,988	(74)	0	7,914	(1,558)	(566)	(300)	5,490	(58)	5,432
2006-07	1,079,656	806,793	62	8,184	(76)	0	8,109	(1,599)	(615)	0	5,895	(60)	5,835
2007-08	1,099,550	826,687	62	8,385	(78)	0	8,307	(1,641)	(665)	0	6,001	(62)	5,939
2008-09	1,119,841	846,978	62	8,589	(80)	0	8,509	(1,683)	(717)	0	6,109	(63)	6,046
2009-10	1,140,538	867,675	62	8,797	(82)	0	8,716	(1,727)	(769)	0	6,220	(65)	6,155
2010-11	1,161,648	888,785	62	9,010	(84)	0	8,926	(1,771)	(822)	0	6,333	(67)	6,266
2011-12	1,183,181	910,318	62	9,227	(86)	0	9,141	(1,816)	(879)	0	6,445	(69)	6,377
2012-13	1,205,145	932,282	62	9,448	(88)	0	9,360	(1,862)	(938)	0	6,560	(71)	6,489
2013-14	1,227,548	954,685	62	9,673	(90)	0	9,584	(1,908)	(997)	0	6,677	(73)	6,605
2014-15	1,250,399	977,536	62	9,903	(92)	0	9,811	(1,957)	(1,085)	0	6,769	(75)	6,695
2015-16	1,273,707	1,000,844	62	10,138	(94)	0	10,044	(2,006)	(1,174)	0	6,863	(77)	6,787
2016-17	1,297,482	1,024,619	62	10,377	(96)	0	10,281	(2,056)	(1,266)	0	6,959	(79)	6,880
2017-18	1,321,731	1,048,868	62	10,621	(99)	0	10,523	(2,107)	(1,359)	0	7,057	(81)	6,976
2018-19	1,346,466	1,073,603	62	10,870	(101)	0	10,770	(2,159)	(1,454)	0	7,156	(83)	7,073
2019-20	1,371,695	1,098,832	62	11,124	(103)	0	11,021	(2,212)	(1,552)	0	7,258	(85)	7,173
2020-21	1,397,429	1,124,566	62	11,383	(106)	0	11,278	(2,266)	(1,651)	0	7,361	(87)	7,274
2021-22	1,423,678	1,150,815	62	11,648	(108)	0	11,540	(2,321)	(1,754)	0	7,464	(89)	7,375
2022-23	1,450,452	1,177,589	62	11,917	(111)	0	11,807	(2,377)	(1,860)	0	7,570	(92)	7,478
2023-24	1,477,761	1,204,898	62	12,192	(113)	0	12,079	(2,435)	(1,967)	0	7,677	(94)	7,583
2024-25	1,505,616	1,232,753	62	12,473	(116)	0	12,357	(2,493)	(2,077)	0	7,786	(96)	7,690
2025-26	1,534,028	1,261,165	62	12,759	(118)	0	12,640	(2,553)	(2,189)	0	7,898	(99)	7,799
2026-27	1,563,009	1,290,146	62	13,050	(121)	0	12,929	(2,614)	(2,304)	0	8,012	(101)	7,911
2027-28	1,592,569	1,319,706	62	13,348	(124)	0	13,224	(2,676)	(2,420)	0	8,128	(104)	8,024
2028-29	1,622,721	1,349,858	62	13,652	(127)	0	13,525	(2,739)	(2,539)	0	8,247	(106)	8,140
2029-30	1,653,475	1,380,612	62	13,961	(130)	0	13,832	(2,804)	(2,660)	0	8,368	(109)	8,259
2030-31	1,481,389	1,208,526	41	12,207	(113)	0	12,094	(2,492)	(2,321)	0	7,281	(112)	7,169
<b>Total</b>													<b>196,842</b>

**Table 3  
Buena Park Consolidated Redevelopment Project (w/o Project Area No. IV)  
Historical Values (1)**

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
<b>Secured (2)</b>							
Land	81,568,477	256,169,276	271,800,248	313,030,562	341,338,216	359,519,944	386,822,172
Impts	147,072,338	324,392,506	355,089,216	393,497,336	470,769,536	508,193,647	510,994,144
Pers Prop	10,712,838	10,941,839	14,437,786	14,642,782	14,841,664	15,105,038	14,033,631
Exemptions	<u>220,920</u>	<u>2,890,137</u>	<u>2,950,368</u>	<u>3,831,811</u>	<u>3,974,811</u>	<u>4,982,771</u>	<u>6,619,403</u>
<b>Total Secured</b>	<b>596,633,140</b>	<b>588,613,484</b>	<b>638,376,882</b>	<b>717,338,869</b>	<b>822,974,605</b>	<b>877,835,858</b>	<b>905,230,544</b>
<b>Unsecured</b>							
Land	20,784	567,088	727,854	624,572	3,440,853	995,533	1,225,813
Impts	22,781,499	23,234,387	22,899,781	36,131,844	38,149,444	39,800,857	33,469,956
Pers Prop	22,038,412	55,838,391	65,140,686	73,343,697	76,908,737	78,771,464	70,962,447
Exemptions	<u>116,480</u>	<u>57,444</u>	<u>4,500</u>	<u>3,735</u>	<u>0</u>	<u>1,616</u>	<u>0</u>
<b>Total Unsecured</b>	<b>44,724,215</b>	<b>79,582,422</b>	<b>88,763,821</b>	<b>110,096,378</b>	<b>118,499,034</b>	<b>119,566,238</b>	<b>105,658,216</b>
<b>GRAND TOTAL</b>	<b>283,856,948</b>	<b>668,195,906</b>	<b>727,140,703</b>	<b>827,435,247</b>	<b>941,473,639</b>	<b>997,402,096</b>	<b>1,010,888,760</b>

Incremental Value: 395,708,541  
Annual Change: -2.87%

657,616,691 20.98%  
713,545,148 8.50%  
727,031,812 1.89%

(1) Source: County of Orange Assessed Values Report, Equalized Tax Roll 1996-2002.  
(2) Secured values include state assessed non-unitary utility property.

**Table 4**  
**Buena Park Consolidated Redevelopment Project (w/o Project Area No. IV)**  
**2002/03 Top Ten Property Taxpayers**

Top Property Owners Based On Gross Assessed Values (1)  
 Does not include Project Area IV

Owner	Secured			Unsecured			Total			Primary Use	Project Area
	Value	Parcels	% of AV	Value	Parcels	% of AV	Value	% of AV			
1. Nabisco Inc. <sup>(2)</sup>	\$67,047,606	2	7.14%	\$7,472	1	0.01%	\$67,055,081	6.44%	Miscellaneous	CBD 1981	
2. Savannah Teachers Properties	\$32,789,031	7	3.49%				\$32,789,038	3.15%	Commercial	CBD 1981	
3. Sunrise Buena Park <sup>(2)</sup>	\$28,222,121	5	3.01%	\$162,240	2	0.16%	\$28,384,366	2.72%	Commercial	Area III	
4. PFG Buena Park LLC	\$24,021,508	2	2.56%				\$24,021,510	2.31%	Industrial	CBD 1981	
5. Robert Dollar Building Associates Limited	\$16,280,547	1	1.73%				\$16,280,548	1.56%	Commercial	Area II	
6. Sequoia Management <sup>(2)</sup>	\$14,274,288	1	1.52%				\$14,274,289	1.37%	Recreational	CBD 1981	
7. Buena Park Associates	\$13,770,000	2	1.47%				\$13,770,002	1.32%	Residential	CBD 1981	
8. CMF Inc./Wal Mart Real Estate	\$13,085,000	1	1.39%				\$13,085,001	1.26%	Commercial	Area III	
9. M & H Realty Partners II	\$12,076,713	2	1.29%				\$12,076,715	1.16%	Commercial	Area II	
10. Donahue Schriber Realty Group LP	\$12,046,184	1	1.28%				\$12,046,185	1.16%	Commercial	Area III	
<b>Top Ten Totals</b>	<b>\$233,612,998</b>		<b>24.89%</b>	<b>\$169,712</b>		<b>0.16%</b>	<b>\$233,782,735</b>	<b>22.44%</b>			

(1) Source: City of Buena Park

(2) Pending Appeals on parcels with total assessed valuation of \$114,986,456

**Table 5**  
**Original CBD Project Area**  
**Projection of Tax Increment Revenue**  
 (000's Omitted)

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
<b>Taxable Values (1)</b>											
Land	49,812	50,808	51,824	52,861	53,918	54,996	56,096	57,218	58,362	59,530	60,720
Improvements	57,033	58,174	59,338	60,524	61,735	62,970	64,229	65,514	66,824	68,160	69,523
Less Exemptions (2)	(1,410)	(1,436)	(1,467)	(1,496)	(1,526)	(1,556)	(1,588)	(1,619)	(1,652)	(1,685)	(1,718)
Personal Property (3)	19,890	19,890	19,890	19,890	19,890	19,890	19,890	19,890	19,890	19,890	19,890
<b>Total Projected Taxable Value</b>	<b>125,325</b>	<b>127,434</b>	<b>129,585</b>	<b>131,779</b>	<b>134,016</b>	<b>136,299</b>	<b>138,627</b>	<b>141,002</b>	<b>143,424</b>	<b>145,895</b>	<b>148,415</b>
<b>Taxable Value over Base</b>	<b>18,212</b>	<b>109,222</b>	<b>111,373</b>	<b>113,567</b>	<b>115,804</b>	<b>118,087</b>	<b>120,415</b>	<b>122,790</b>	<b>125,212</b>	<b>127,683</b>	<b>130,203</b>
Gross Tax Increment Revenue (4)	1,078	1,100	1,121	1,143	1,166	1,189	1,212	1,236	1,261	1,285	1,311
Unitary Tax Revenue	22	22	22	22	22	22	22	22	22	22	22
<b>Adjusted Gross Revenues</b>	<b>1,100</b>	<b>1,121</b>	<b>1,143</b>	<b>1,165</b>	<b>1,188</b>	<b>1,211</b>	<b>1,234</b>	<b>1,258</b>	<b>1,282</b>	<b>1,307</b>	<b>1,333</b>
<b>LESS:</b>											
Housing Set Aside Requirement (5)	(220)	(224)	(229)	(233)	(238)	(242)	(247)	(252)	(256)	(261)	(267)
SB 2557 Admin. Fee (6)	(10)	(10)	(10)	(11)	(11)	(11)	(11)	(11)	(12)	(12)	(12)
<b>Pass Throughs</b>	<b>0</b>	<b>0</b>	<b>(4)</b>	<b>(9)</b>	<b>(13)</b>	<b>(18)</b>	<b>(22)</b>	<b>(27)</b>	<b>(32)</b>	<b>(37)</b>	<b>(42)</b>
Statutory Pass Throughs (7)											
<b>OPA/DDA Agreements</b>											
Catellus Residential (8)	(300)	(300)	(300)	(300)	0	0	0	0	0	0	0
<b>Pledged Revenues</b>	<b>570</b>	<b>587</b>	<b>600</b>	<b>613</b>	<b>626</b>	<b>640</b>	<b>654</b>	<b>668</b>	<b>682</b>	<b>697</b>	<b>712</b>
<b>Subordinate Pass Throughs</b>											
<b>Total Revenues</b>	<b>570</b>	<b>587</b>	<b>600</b>	<b>613</b>	<b>626</b>	<b>640</b>	<b>654</b>	<b>668</b>	<b>682</b>	<b>697</b>	<b>712</b>

- (1) Taxable values as reported by Orange County less projected loss from appeals. Land, improvements, and exemptions inflated by 2% per year.
- (2) Real estate exemptions as reported by Orange County.
- (3) Personal property is held constant at 2002-03 level.
- (4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed project tax rate and adjusted for indebtedness approved by voters prior to 1988. The assumed future tax rates remain at \$1,0067 per \$100 of taxable value.
- (5) Housing Set Aside calculated at 20% of Adjusted Gross Revenue.
- (6) Orange County Administration Fee estimated at 0.928% of Gross Revenue (Given by County 2--25-03).
- (7) The time limit to incur debt was extended pursuant to SB 211. Pass throughs will begin in the 2005/06 fiscal year at a rate of 20% of incremental growth from base year 2004. An additional passthrough will begin in 2015 at 16.67% of incremental growth.
- (8) In 1997 the Agency entered into an agreement with Catellus Residential to develop a residential community. The Agency agreed to share property tax increment over the base year up to a maximum amount. The maximum annual payment is \$300,000. The project value as increased to meet this maximum amount.

**Table 6**  
**Original CBD Project Area**  
**Extended Projection of Tax Increment Revenue**  
 (000s Omitted)

	Taxable Value		Gross Tax Revenue	SB 2557 Charge	Adjusted Gross Revenues	Housing Set-Aside	Pass-Throughs Agreements	OPA's	Tax Revenues	Total Revenues
	Total Taxable Value	Over Base								
2002-03	125,325	107,113	1,100	(10)	1,090	(220)	0	(300)	570	570
2003-04	127,434	109,222	1,121	(10)	1,111	(224)	0	(300)	587	587
2004-05	129,585	111,373	1,143	(11)	1,132	(229)	(4)	(300)	599	599
2005-06	131,779	113,567	1,165	(11)	1,154	(233)	(9)	(300)	613	613
2006-07	134,016	115,804	1,188	(11)	1,177	(238)	(13)	0	926	926
2007-08	136,299	118,087	1,211	(11)	1,199	(242)	(18)	0	940	940
2008-09	138,627	120,415	1,234	(11)	1,223	(247)	(22)	0	953	953
2009-10	141,002	122,790	1,258	(12)	1,246	(252)	(27)	0	968	968
2010-11	143,424	125,212	1,282	(12)	1,270	(256)	(32)	0	982	982
2011-12	145,895	127,683	1,307	(12)	1,295	(261)	(37)	0	997	997
2012-13	148,415	130,203	1,333	(12)	1,320	(267)	(42)	0	1,012	1,012
2013-14	150,985	132,773	1,358	(13)	1,346	(272)	(47)	0	1,027	1,027
2014-15	153,607	135,395	1,385	(13)	1,372	(277)	(57)	0	1,038	1,038
2015-16	156,282	138,070	1,412	(13)	1,399	(282)	(66)	0	1,050	1,050
2016-17	159,010	140,798	1,439	(13)	1,426	(288)	(76)	0	1,062	1,062
2017-18	161,792	143,580	1,467	(14)	1,454	(293)	(87)	0	1,074	1,074
2018-19	164,630	146,418	1,496	(14)	1,482	(299)	(97)	0	1,086	1,086
2019-20	167,525	149,313	1,525	(14)	1,511	(305)	(107)	0	1,098	1,098
2020-21	170,478	152,266	1,555	(14)	1,540	(311)	(118)	0	1,111	1,111
2021-22	173,489	155,277	1,585	(15)	1,570	(317)	(129)	0	1,124	1,124
2022-23	176,561	158,349	1,616	(15)	1,601	(323)	(141)	0	1,137	1,137
2023-24	179,695	161,483	1,647	(15)	1,632	(329)	(152)	0	1,151	1,151
2024-25	182,891	164,679	1,680	(16)	1,664	(336)	(164)	0	1,164	1,164
2025-26	186,151	167,939	1,712	(16)	1,697	(342)	(176)	0	1,178	1,178
2026-27	189,476	171,264	1,746	(16)	1,730	(349)	(188)	0	1,193	1,193
2027-28	192,868	174,656	1,780	(17)	1,764	(356)	(200)	0	1,207	1,207
2028-29	196,327	178,115	1,815	(17)	1,798	(363)	(213)	0	1,222	1,222
2029-30	199,856	181,644	1,850	(17)	1,833	(370)	(226)	0	1,237	1,237

**Table 7**  
**Original CBD Project Area**  
**Historical Values (1)**

	Base Year 1980	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
<b>Secured (2)</b>								
Land	7,972,549	34,638,261	35,258,129	38,295,251	41,033,098	46,601,530	47,753,777	49,637,651
Impts	7,696,292	32,054,111	33,351,063	35,056,516	35,737,138	40,376,627	46,520,424	48,699,376
Pers Prop	283,547	190,760	179,372	88,305	97,563	133,172	113,270	59,553
Exemptions	<u>220,920</u>	<u>1,542,311</u>	<u>1,544,712</u>	<u>1,578,036</u>	<u>1,657,368</u>	<u>1,693,695</u>	<u>1,986,766</u>	<u>1,409,745</u>
<b>Total Secured</b>	<b>15,731,468</b>	<b>55,340,821</b>	<b>57,243,852</b>	<b>71,862,036</b>	<b>75,210,431</b>	<b>85,417,634</b>	<b>92,400,705</b>	<b>96,986,835</b>
<b>Unsecured</b>								
Land	2,720	96,857	98,794	100,770	102,637	1,973,678	106,783	174,137
Impts	1,169,200	3,571,014	2,106,512	5,210,517	7,062,017	15,968,413	9,538,810	8,666,327
Pers Prop	1,311,160	8,621,331	11,352,520	17,712,527	18,774,466	20,573,187	20,768,574	19,830,147
Exemptions	<u>2,680</u>	<u>1,600</u>	<u>1,450</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Unsecured</b>	<b>2,480,400</b>	<b>12,287,602</b>	<b>13,556,376</b>	<b>23,023,814</b>	<b>25,939,120</b>	<b>38,515,278</b>	<b>30,414,167</b>	<b>28,670,611</b>
<b>GRAND TOTAL</b>	<b>18,211,868</b>	<b>77,628,423</b>	<b>80,800,228</b>	<b>94,885,850</b>	<b>101,149,551</b>	<b>123,932,912</b>	<b>122,814,872</b>	<b>125,657,446</b>

Incremental Value: 59,416,555  
 Annual Change: 62,588,360  
 5.34%

82,937,683  
 8.17%

105,721,044  
 27.47%

104,603,004  
 -1.06%

107,445,578  
 2.72%

(1) Source: County of Orange Assessed Values Report, Equalized Tax Roll 1996-2002.  
 (2) Secured values include state assessed non-unitary utility property.



**Table 8**  
**ORIGINAL CBD PROJECT AREA**  
**Analysis of Historical Appeals**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	19	16	14	22	5	76
Appeals Resolved to date (2)	18	15	13	14	2	62
Appeals Resolved With Value Change (3)	6	1	4	1	0	12
Percent of resolved appeals successful	33.3%	6.7%	30.8%	7.1%	0.0%	19.4%
Initial Assessed Value of Successful Appeals	\$772,626	\$238,299	\$2,872,037	\$145,343		\$4,028,305
Board Approved Assessed Value	\$524,947	\$185,494	\$1,701,447	\$181,811		\$2,593,699
Percent Reduction in Original Value	32.06%	22.16%	40.76%	-25.09%		35.61%
Appeals pending	1	1	1	8	3	14
Value of Appeals Pending	\$256,414	\$230,777	\$241,517	\$1,834,637	\$2,256,763	\$4,820,108
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$332,244</b>

- (1) Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.
- (2) Resolved appeals include successful, withdrawn, and denied appeals.
- (3) Appeals resolved with value change includes only appeals with board approved valuation changes.
- (4) Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

**Table 9**  
**CBD 1981 Amendment Project Area**  
**Projection of Incremental Taxable Value & Tax Increment Revenue**  
 ('000's Omitted)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Taxable Values (1)</b>											
Land	140,738	143,553	146,424	149,353	152,340	155,386	158,494	161,664	164,897	168,195	171,559
Improvements	238,846	243,623	248,495	253,465	258,534	263,705	268,979	274,359	279,846	285,443	291,152
Less Exemptions	(113)	(115)	(117)	(120)	(122)	(124)	(127)	(129)	(132)	(135)	(137)
Personal Property (2)	33,125	33,125	33,125	33,125	33,125	33,125	33,125	33,125	33,125	33,125	33,125
<b>Total Projected Taxable Value</b>	<b>412,596</b>	<b>420,185</b>	<b>427,927</b>	<b>435,823</b>	<b>443,877</b>	<b>452,092</b>	<b>460,471</b>	<b>469,018</b>	<b>477,736</b>	<b>486,628</b>	<b>495,698</b>
<b>Taxable Value over Base</b>	<b>\$4,412</b>	<b>355,773</b>	<b>363,515</b>	<b>371,411</b>	<b>379,465</b>	<b>387,680</b>	<b>396,059</b>	<b>404,606</b>	<b>413,324</b>	<b>422,216</b>	<b>431,286</b>
Gross Tax Increment Revenue (3)	3,505	3,582	3,660	3,739	3,820	3,903	3,987	4,073	4,161	4,250	4,342
Unitary Tax Revenue	27	27	27	27	27	27	27	27	27	27	27
<b>Adjusted Gross Revenues</b>	<b>3,532</b>	<b>3,608</b>	<b>3,686</b>	<b>3,766</b>	<b>3,847</b>	<b>3,930</b>	<b>4,014</b>	<b>4,100</b>	<b>4,188</b>	<b>4,277</b>	<b>4,369</b>
<b>LESS:</b>											
Housing Set Aside Requirement (4)	(706)	(722)	(737)	(753)	(769)	(786)	(803)	(820)	(838)	(855)	(874)
SB 2557 Admin. Fee (5)	(33)	(33)	(34)	(35)	(36)	(36)	(37)	(38)	(39)	(40)	(41)
<b>Pass Throughs</b>											
Statutory Pass Throughs (6)	0	0	(15)	(31)	(47)	(64)	(80)	(97)	(115)	(133)	(151)
<b>Pledged Revenues</b>	<b>2,793</b>	<b>2,853</b>	<b>2,899</b>	<b>2,947</b>	<b>2,995</b>	<b>3,044</b>	<b>3,094</b>	<b>3,145</b>	<b>3,197</b>	<b>3,250</b>	<b>3,304</b>
<b>Subordinate Pass Throughs</b>											
<b>Total Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2,793</b>	<b>2,853</b>	<b>2,899</b>	<b>2,947</b>	<b>2,995</b>	<b>3,044</b>	<b>3,094</b>	<b>3,145</b>	<b>3,197</b>	<b>3,250</b>	<b>3,304</b>

(1) Taxable values as reported by Orange County. Projections inflate Land, Improvements, and Exemptions 2% per year.  
 (2) Personal property is held constant at 2002-03 level.  
 (3) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed project tax rate and adjusted for indebtedness approved by voters prior to 1988. The assumed future tax rates remain at \$1,0067 per \$100 of taxable value.  
 (4) Housing Set Aside calculated at 20% of Adjusted Gross Revenue.  
 (5) Orange County Administration Fee is estimated at 0.9% of Gross Revenue.  
 (6) The time limit to incur debt was extended pursuant to SB 211. Pass throughs will begin in the 2005/06 fiscal year at a rate of 20% of incremental growth from base year 2004. An additional passthrough will begin in 2015 at 16.67% of incremental growth.

**Table 10**  
**CBD 1981 Amendment Project Area**  
**Projection of Incremental Taxable Value & Tax Increment Revenue**  
 (000s Omitted)

	Taxable Value		Gross Tax Revenue	SB 2557 Charge	Adjusted Gross Revenues	Housing Set-Aside	Pass-Throughs Agreements	Tax Revenues	Total Revenues
	Total Taxable Value	Over Base							
2002-03	412,596	64,412	3,532	(33)	3,499	(706)	0	2,793	2,793
2003-04	420,185	355,773	3,608	(33)	3,575	(722)	0	2,853	2,853
2004-05	427,927	363,515	3,686	(34)	3,652	(737)	(15)	2,899	2,899
2005-06	435,823	371,411	3,766	(35)	3,731	(753)	(31)	2,947	2,947
2006-07	443,877	379,465	3,847	(36)	3,811	(769)	(47)	2,995	2,995
2007-08	452,092	387,680	3,930	(36)	3,893	(786)	(64)	3,044	3,044
2008-09	460,471	396,059	4,014	(37)	3,977	(803)	(80)	3,094	3,094
2009-10	469,018	404,606	4,100	(38)	4,062	(820)	(97)	3,145	3,145
2010-11	477,736	413,324	4,188	(39)	4,149	(838)	(115)	3,197	3,197
2011-12	486,628	422,216	4,277	(40)	4,238	(855)	(133)	3,250	3,250
2012-13	495,698	431,286	4,369	(41)	4,328	(874)	(151)	3,304	3,304
2013-14	504,950	440,538	4,462	(41)	4,420	(892)	(169)	3,359	3,359
2014-15	514,386	449,974	4,557	(42)	4,514	(911)	(204)	3,400	3,400
2015-16	524,011	459,599	4,654	(43)	4,610	(931)	(239)	3,441	3,441
2016-17	533,829	469,417	4,752	(44)	4,708	(950)	(275)	3,483	3,483
2017-18	543,843	479,431	4,853	(45)	4,808	(971)	(311)	3,526	3,526
2018-19	554,057	489,645	4,956	(46)	4,910	(991)	(349)	3,570	3,570
2019-20	564,476	500,064	5,061	(47)	5,014	(1,012)	(387)	3,615	3,615
2020-21	575,103	510,691	5,168	(48)	5,120	(1,034)	(426)	3,661	3,661
2021-22	585,943	521,531	5,277	(49)	5,228	(1,055)	(465)	3,707	3,707
2022-23	596,999	532,587	5,388	(50)	5,338	(1,078)	(506)	3,755	3,755
2023-24	608,277	543,865	5,502	(51)	5,451	(1,100)	(547)	3,804	3,804
2024-25	619,780	555,368	5,618	(52)	5,566	(1,124)	(589)	3,853	3,853
2025-26	631,513	567,101	5,736	(53)	5,683	(1,147)	(632)	3,904	3,904
2026-27	643,480	579,068	5,856	(54)	5,802	(1,171)	(676)	3,955	3,955
2027-28	655,688	591,276	5,979	(55)	5,924	(1,196)	(720)	4,008	4,008
2028-29	668,139	603,727	6,105	(57)	6,048	(1,221)	(766)	4,061	4,061
2029-30	680,839	616,427	6,232	(58)	6,175	(1,246)	(812)	4,116	4,116
2030-31	693,793	629,381	6,363	(59)	6,304	(1,273)	(860)	4,171	4,171

**Table 11**  
**CBD 1981 Amendment Project Area**  
**Historical Values (1)**

	Base Year 1981	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
<b>Secured (2)</b>								
Land	17,584,752	83,538,471	82,793,308	92,492,564	112,632,397	124,639,774	133,054,185	140,099,291
Impts	41,986,660	127,752,407	119,827,308	126,909,194	144,090,109	207,628,099	229,759,603	238,456,407
Pers Prop	4,117,858	13,622,915	9,690,067	13,468,364	14,376,931	14,593,636	14,875,510	13,736,367
Exemptions	0	<u>100,245</u>	<u>102,249</u>	<u>104,293</u>	<u>106,225</u>	<u>108,349</u>	<u>110,515</u>	<u>112,725</u>
<b>Total Secured</b>	<b>63,689,270</b>	<b>224,813,548</b>	<b>212,208,434</b>	<b>232,765,829</b>	<b>270,993,212</b>	<b>346,753,160</b>	<b>377,578,783</b>	<b>392,179,340</b>
<b>Unsecured</b>								
Land	9,032	373,896	234,147	388,254	259,597	404,017	413,105	638,959
Impts	5,171,749	3,990,116	8,046,253	4,387,120	12,506,285	7,175,031	11,657,698	5,380,266
Pers Prop	6,592,454	22,821,063	17,431,592	18,984,177	22,406,259	24,301,832	22,277,195	19,388,345
Exemptions	<u>56,900</u>	0	<u>27,997</u>	0	0	0	0	0
<b>Total Unsecured</b>	<b>11,716,335</b>	<b>27,185,075</b>	<b>25,683,995</b>	<b>23,759,551</b>	<b>35,172,141</b>	<b>31,880,880</b>	<b>34,347,998</b>	<b>25,407,570</b>
<b>GRAND TOTAL</b>	<b>75,405,605</b>	<b>251,998,623</b>	<b>237,892,429</b>	<b>256,525,380</b>	<b>306,165,353</b>	<b>378,634,040</b>	<b>411,926,781</b>	<b>417,586,910</b>

Incremental Value: 176,593,018  
 Annual Change: 162,466,824  
 -7.99%  
 181,119,775  
 11.47%  
 303,228,435  
 31.40%  
 336,521,176  
 10.98%  
 342,181,305  
 1.68%

(1) Source: County of Orange Assessed Values Report, Equalized Tax Roll 1996-2002.  
 (2) Secured values include state assessed non-unitary utility property.

**Table 12**  
**CBD 1981 Amendment Project Area**  
**Analysis of Historical Appeals**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	10	9	12	3	5	39
Appeals Resolved to date (2)	9	8	11	1	1	30
Appeals Resolved With Value Change (3)	4	2	4	0	0	10
Percent of resolved appeals successful	44.4%	25.0%	36.4%	0.0%	0.0%	33.3%
Initial Assessed Value of Successful Appeals	\$186,751	\$15,811,809	\$30,536,951			\$46,535,511
Board Approved Assessed Value	\$37,536	\$14,850,000	\$25,781,521			\$40,669,057
Percent Reduction in Original Value	79.90%	6.08%	15.57%			12.61%
Appeals pending	1	1	1	2	4	9
Value of Appeals Pending	\$217,113	\$196,564	\$171,432	\$73,974,895	\$44,211,062	\$118,771,066
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$4,990,920</b>

(1) Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.  
 (2) Resolved appeals include successful, withdrawn, and denied appeals.  
 (3) Appeals resolved with value change includes only appeals with board approved valuation changes.  
 (4) Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

**Table 13**  
**Project Area II**  
**Projection of Tax Increment Revenue**  
 (000's Omitted)

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
<b>Taxable Values (1)</b>											
Land	124,586	127,077	129,619	132,211	134,856	137,553	140,304	143,110	145,972	148,892	151,869
Improvements	157,250	160,395	163,603	166,875	170,212	173,616	177,089	180,631	184,243	187,928	191,687
Less Exemptions	(5,097)	(5,199)	(5,303)	(5,409)	(5,517)	(5,627)	(5,740)	(5,855)	(5,972)	(6,091)	(6,213)
Personal Property (2)	25,475	25,475	25,475	25,475	25,475	25,475	25,475	25,475	25,475	25,475	25,475
<b>Total Projected Taxable Value</b>	<b>302,214</b>	<b>307,749</b>	<b>313,394</b>	<b>319,152</b>	<b>325,026</b>	<b>331,017</b>	<b>337,128</b>	<b>343,361</b>	<b>349,719</b>	<b>356,203</b>	<b>362,818</b>
<b>Taxable Value over Base</b>	<b>101,098</b>	<b>206,651</b>	<b>212,296</b>	<b>218,054</b>	<b>223,928</b>	<b>229,919</b>	<b>236,030</b>	<b>242,263</b>	<b>248,621</b>	<b>255,105</b>	<b>261,720</b>
Gross Tax Increment Revenue (3)	2,025	2,080	2,137	2,195	2,254	2,315	2,376	2,439	2,503	2,568	2,635
Unitary Tax Revenue	13	13	13	13	13	13	13	13	13	13	13
<b>Adjusted Gross Revenues</b>	<b>2,038</b>	<b>2,093</b>	<b>2,150</b>	<b>2,208</b>	<b>2,267</b>	<b>2,328</b>	<b>2,389</b>	<b>2,452</b>	<b>2,516</b>	<b>2,581</b>	<b>2,648</b>
<b>LESS:</b>											
Housing Set Aside Requirement (4)	(325)	(337)	(348)	(359)	(371)	(383)	(396)	(408)	(421)	(434)	(447)
SB 2557 Admin. Fee (5)	(19)	(19)	(20)	(20)	(21)	(22)	(22)	(23)	(23)	(24)	(25)
<b>Pass Throughs</b>											
Orange County General Fund (6)	91,528	130,702	133,316	135,982	138,702	141,476	144,305	147,191	150,135	153,138	156,200
Orange County Flood Control (7)	36,611	39,174	41,788	44,454	47,174	49,948	52,777	55,663	58,607	61,610	64,673
Orange County Water District (8)	(72)	(75)	(77)	(80)	(82)	(85)	(88)	(90)	(93)	(96)	(99)
Orange County Board of Education (9)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
Anaheim Union High School District (10)	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(8)	(9)	(9)	(9)
Fullerton Union High School District (11)	(18)	(19)	(19)	(20)	(20)	(21)	(21)	(22)	(22)	(23)	(24)
Statutory Pass Throughs (12)	(7)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(9)	(9)	(10)
	(40)	(41)	(42)	(43)	(45)	(46)	(47)	(48)	(49)	(51)	(52)
	0	0	(7)	(15)	(22)	(30)	(38)	(46)	(54)	(63)	(71)
<b>Pledged Revenues</b>	<b>1,516</b>	<b>1,554</b>	<b>1,587</b>	<b>1,619</b>	<b>1,653</b>	<b>1,687</b>	<b>1,722</b>	<b>1,757</b>	<b>1,793</b>	<b>1,830</b>	<b>1,868</b>
<b>Subordinate Pass Throughs</b>											
Buena Park Library District (13)	(54)	(55)	(57)	(58)	(60)	(62)	(63)	(65)	(67)	(69)	(71)
<b>Total Revenues</b>	<b>1,462</b>	<b>1,499</b>	<b>1,530</b>	<b>1,561</b>	<b>1,593</b>	<b>1,625</b>	<b>1,658</b>	<b>1,692</b>	<b>1,726</b>	<b>1,761</b>	<b>1,797</b>

## Footnotes For Table 13

- (1) Taxable values as reported by Orange County. Projections inflate Land, Improvements and Exemptions 2% per year.
- (2) Personal property is held constant at 2002-03 level.
- (3) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed project tax rate and adjusted for indebtedness approved by voters prior to 1988. The assumed future tax rates remain at \$1,0067 per \$100 of taxable value.
- (4) Housing Set Aside calculated at 20% of Adjusted Gross Revenue less 17% of debt service
- (5) Orange County Administration Fee is estimated at 0.928% of Gross Revenue.
- (6) Orange County General Fund receives its share (6.04%) of inflation growth on base year real property value. County also receives 50% of its share of general levy tax increment revenue.
- (7) Orange County Flood Control District receives its share (1.94%) of inflation growth on base year real property value. The District also receives 80% of its share of general levy tax increment.
- (8) Orange County Water District receives 50% of its share (3.59%) of general levy tax increment.
- (9) Orange County Board of Education receives 25% of its share 3.59% of general levy tax increment.
- (10) Anaheim Union High School District receives 12% of its share (15.4%) of general levy tax increment from that portion of the Project Area within the District's boundaries.
- (11) Fullerton Union High School District receives 12% of its share (20.6%) of general levy tax increment generated from the portion of the Project Area within the District's boundaries.
- (12) The time limit to incur debt was extended pursuant to SB 211. Statutory pass throughs to agencies that do not have a current tax sharing will begin 2005 at a rate of 20% of incremental growth from base year 2004. An additional passthrough will begin in 2015 at 16.67% of incremental growth. These taxing agencies have a combined share of 64.93%
- (13) Buena Park Library District receives 80% of its share (3.16%) of general levy tax increment and its share of inflationary growth on base year real property value. The District's payments are subordinate to debt service.

**Table 14**  
**Project Area II**  
**Extended Projection of Tax Increment Revenue**  
 (000s Omitted)

	Taxable Value		Gross Tax Revenue	SB 2557 Charge	Adjusted Gross Revenues	Housing Set-Aside	Pass-Throughs Agreements	Tax Revenues	Subordinate Pass-Throughs	Total Revenues
	Total Taxable Value	Over Base								
2002-03	302,214	101,098	2,038	(19)	2,019	(325)	(178)	1,516	(54)	1,462
2003-04	307,749	206,651	2,093	(19)	2,074	(337)	(183)	1,554	(55)	1,499
2004-05	313,394	212,296	2,150	(20)	2,130	(348)	(196)	1,587	(57)	1,530
2005-06	319,152	218,054	2,208	(20)	2,188	(359)	(209)	1,619	(58)	1,561
2006-07	325,026	223,928	2,267	(21)	2,246	(371)	(222)	1,653	(60)	1,593
2007-08	331,017	229,919	2,328	(22)	2,306	(383)	(236)	1,687	(62)	1,625
2008-09	337,128	236,030	2,389	(22)	2,367	(396)	(250)	1,722	(63)	1,658
2009-10	343,361	242,263	2,452	(23)	2,429	(408)	(264)	1,757	(65)	1,692
2010-11	349,719	248,621	2,516	(23)	2,493	(421)	(278)	1,793	(67)	1,726
2011-12	356,203	255,105	2,581	(24)	2,557	(434)	(293)	1,830	(69)	1,761
2012-13	362,818	261,720	2,648	(25)	2,623	(447)	(308)	1,868	(71)	1,797
2013-14	369,565	268,467	2,716	(25)	2,691	(461)	(324)	1,906	(73)	1,833
2014-15	376,447	275,349	2,785	(26)	2,759	(475)	(347)	1,938	(75)	1,863
2015-16	383,466	282,368	2,856	(27)	2,829	(489)	(370)	1,970	(77)	1,894
2016-17	390,626	289,528	2,928	(27)	2,901	(503)	(394)	2,003	(79)	1,924
2017-18	397,929	296,831	3,001	(28)	2,973	(518)	(419)	2,037	(81)	1,956
2018-19	405,378	304,280	3,076	(29)	3,048	(533)	(444)	2,071	(83)	1,988
2019-20	412,976	311,878	3,153	(29)	3,124	(548)	(469)	2,106	(85)	2,021
2020-21	420,726	319,628	3,231	(30)	3,201	(564)	(495)	2,142	(87)	2,055
2021-22	428,631	327,533	3,310	(31)	3,280	(580)	(522)	2,178	(89)	2,089
2022-23	436,694	335,596	3,392	(31)	3,360	(596)	(549)	2,215	(92)	2,124
2023-24	444,919	343,821	3,474	(32)	3,442	(613)	(576)	2,253	(94)	2,159
2024-25	453,307	352,209	3,559	(33)	3,526	(630)	(604)	2,292	(96)	2,195
2025-26	461,864	360,766	3,645	(34)	3,611	(647)	(633)	2,331	(99)	2,232
2026-27	470,592	369,494	3,733	(35)	3,698	(664)	(662)	2,372	(101)	2,270
2027-28	479,494	378,396	3,822	(35)	3,787	(682)	(692)	2,413	(104)	2,309
2028-29	488,575	387,477	3,914	(36)	3,878	(701)	(723)	2,454	(106)	2,348
2029-30	497,837	396,739	4,007	(37)	3,970	(719)	(754)	2,497	(109)	2,388
2030-31*	507,284	406,186	4,102	(38)	4,064	(738)	(785)	2,541	(112)	2,429



**Table 15**  
**Project Area II**  
**Historical Values (1)**

	<u>Base Year</u> 1972-73	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
<b><u>Secured (2)</u></b>								
Land	36,035,145	95,884,907	90,796,505	91,147,964	102,446,423	109,733,439	117,107,361	124,173,054
Impts	50,311,751	125,342,093	124,251,068	124,164,537	128,881,643	130,489,821	136,113,067	144,258,385
Pers Prop	3,034,993	1,227,783	1,013,995	827,623	113,567	69,832	71,566	193,236
Exemptions	0	1,222,918	1,243,176	1,268,039	2,068,218	2,172,767	2,885,490	5,096,933
<b>Total Secured</b>	<b>89,381,889</b>	<b>221,231,865</b>	<b>216,061,568</b>	<b>216,140,124</b>	<b>229,373,415</b>	<b>240,293,092</b>	<b>253,291,994</b>	<b>268,624,675</b>
<b><u>Unsecured</u></b>								
Land	9,032	229,557	234,147	238,830	243,256	1,063,158	475,645	412,717
Impts	5,171,749	9,854,956	8,046,253	9,083,818	9,707,590	10,695,173	12,821,568	13,966,860
Pers Prop	6,592,454	17,093,197	17,431,592	20,569,869	23,467,251	25,914,705	25,818,365	25,281,933
Exemptions	56,900	0	27,997	4,500	3,735	0	1,616	0
<b>Total Unsecured</b>	<b>11,716,335</b>	<b>27,177,710</b>	<b>25,711,992</b>	<b>29,892,517</b>	<b>33,414,362</b>	<b>37,673,036</b>	<b>39,115,578</b>	<b>39,661,510</b>
<b>GRAND TOTAL</b>	<b>101,098,224</b>	<b>248,409,575</b>	<b>241,773,560</b>	<b>246,032,641</b>	<b>262,787,777</b>	<b>277,966,128</b>	<b>292,407,572</b>	<b>308,286,185</b>

Incremental Value: 147,311,351 140,675,336 144,934,417 161,689,553 176,867,904 191,309,348 207,187,961  
 Annual Change: -4.50% 3.03% 11.56% 9.39% 8.17%

(1) Source: County of Orange Assessed Values Report, Equalized Tax Roll 1996-2002.

(2) Secured values include state assessed non-unitary utility property.

**Table 16**  
**PROJECT AREA II**  
**Analysis of Historical Appeals**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	14	24	20	20	9	87
Appeals Resolved to date (2)	10	20	16	13	1	60
Appeals Resolved With Value Change (3)	3	3	4	1	0	11
Percent of resolved appeals successful	30.0%	15.0%	25.0%	7.7%	0.0%	18.3%
Initial Assessed Value of Successful Appeals	\$2,032,554	\$5,193,801	\$20,439,939	\$1,634,901		\$29,301,195
Board Approved Assessed Value	\$2,696,209	\$3,785,853	\$16,039,309	\$1,395,404		\$23,916,775
Percent Reduction in Original Value	-32.65%	27.11%	21.53%	14.65%		18.38%
Appeals pending	4	4	4	7	8	27
Value of Appeals Pending	\$3,187,668	\$4,456,306	\$3,684,808	\$9,781,836	\$7,843,366	\$28,953,984
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$975,446</b>

- (1) Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.
- (2) Resolved appeals include successful, withdrawn, and denied appeals.
- (3) Appeals resolved with value change includes only appeals with board approved valuation changes.
- (4) Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

**Table 17**  
**Project Area III**  
**Projection of Tax Increment Revenue**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Taxable Values (1)</b>											
Land	72,912	74,370	75,858	77,375	78,922	80,501	82,111	83,753	85,428	87,137	88,880
Improvements	84,355	86,042	87,763	89,518	91,308	93,135	94,997	96,897	98,835	100,812	102,828
Personal Property (2)	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506
<b>Total Projected Taxable Value</b>	<b>163,774</b>	<b>166,919</b>	<b>170,127</b>	<b>173,400</b>	<b>176,737</b>	<b>180,142</b>	<b>183,615</b>	<b>187,157</b>	<b>190,770</b>	<b>194,455</b>	<b>198,214</b>
<b>Taxable Value over Base</b>	<b>89,141</b>	<b>77,778</b>	<b>80,986</b>	<b>84,259</b>	<b>87,596</b>	<b>91,001</b>	<b>94,474</b>	<b>98,016</b>	<b>101,629</b>	<b>105,314</b>	<b>109,073</b>
Gross Tax Increment Revenue (3)	751	783	815	848	882	916	951	987	1,023	1,060	1,098
Unitary Tax Revenue	1	1	1	1	1	1	1	1	1	1	1
<b>Adjusted Gross Revenues</b>	<b>752</b>	<b>784</b>	<b>816</b>	<b>849</b>	<b>883</b>	<b>917</b>	<b>952</b>	<b>987</b>	<b>1,024</b>	<b>1,061</b>	<b>1,099</b>
<b>LESS:</b>											
Housing Set Aside Requirement (4)	(188)	(196)	(204)	(212)	(221)	(229)	(238)	(247)	(256)	(265)	(275)
SB 2557 Admin. Fee (5)	(7)	(7)	(8)	(8)	(8)	(9)	(9)	(9)	(10)	(10)	(10)
<b>Pass Throughs</b>											
Orange County (6)	(29)	(30)	(32)	(33)	(34)	(36)	(37)	(38)	(40)	(41)	(43)
Orange County Flood Control (7)	(14)	(14)	(15)	(15)	(16)	(17)	(17)	(18)	(19)	(19)	(20)
Orange County Dept. of Education (8)	(14)	(15)	(16)	(17)	(18)	(19)	(19)	(20)	(21)	(22)	(23)
Orange County Vector Control (9)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Orange County Water District (10)	(3)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)
North Orange Co. Community College Dis. (11)	(27)	(28)	(30)	(32)	(33)	(35)	(37)	(39)	(40)	(42)	(44)
Anaheim Union High School District (12)	(54)	(56)	(59)	(61)	(63)	(66)	(68)	(71)	(74)	(76)	(79)
Fullerton Union High School District (13)	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(10)
Buena Park School District (14)	(15)	(16)	(16)	(17)	(18)	(18)	(19)	(20)	(21)	(21)	(22)
Centralia School District (15)	(92)	(98)	(105)	(111)	(118)	(125)	(132)	(139)	(146)	(154)	(161)
Buena Park Library District (16)	(17)	(17)	(18)	(19)	(20)	(20)	(21)	(22)	(23)	(24)	(24)
Statutory Pass Throughs (17)	0	0	0	0	0	0	0	0	0	(2)	(5)
<b>Pledged Revenues</b>	<b>285</b>	<b>294</b>	<b>303</b>	<b>312</b>	<b>321</b>	<b>331</b>	<b>341</b>	<b>351</b>	<b>361</b>	<b>369</b>	<b>377</b>
<b>Total Revenues</b>	<b>285</b>	<b>294</b>	<b>303</b>	<b>312</b>	<b>321</b>	<b>331</b>	<b>341</b>	<b>351</b>	<b>361</b>	<b>369</b>	<b>377</b>

## Footnotes For Table 17

- (1) Taxable values as reported by Orange County. Projections inflate Land and Improvements 2% per year.
- (2) Personal property is held constant at 2002-03 level.
- (3) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed project tax rate and adjusted for indebtedness approved by voters prior to 1988. The assumed future tax rates remain at \$1,0067 per \$100 of taxable value.
- (4) Housing Set Aside calculated at 25% of Adjusted Gross Revenue pursuant to Agency Agreement.
- (5) Orange County Administration Fee is estimated at 0.928% of Gross Revenue.
- (6) Orange County General Fund and Harbors, Beaches & Parks receive 55% of their combined share (7.07%) of general levy tax increment.
- (7) Orange County Flood Control District receives its share (1.82%) of general levy tax increment.
- (8) Orange County Dept. of Education receives its share (3.40%) of inflationary growth on base year real property value and 40% of their share of general levy tax increment net of said inflationary share.
- (9) Orange County Vector Control District receives its share (0.10%) of general levy tax increment.
- (10) Orange County Water District receives 50% of its share (.74%) of general levy tax increment.
- (11) North Orange County Community College District receives its share (6.41%) of inflationary growth on base year real property and 40% of their share of general levy tax increment net of said inflationary share.
- (12) Anaheim Union High School District receives 50% of a stipulated share (14.4%) of general levy tax increment derived the entire Project Area without regard to District boundaries.
- (13) Fullerton Union High School District receives 25% of its share (20.6%) of general levy tax increment generated from that portion of the Project Area that is within the District boundaries. District's weighted average Project-wide share is 3.57% of all tax increment.
- (14) Buena Park School District receives 50% of its share (23.1%) of inflation growth on District area base year real property value. District also receives 50% of its weighted avg. share (4.01%) of tax increment from the entire Project Area net of inflation.
- (15) Centralia School District receives its share (33%) of inflation growth on District area base year real property value. District also receives 23.56% of its weighted average share (27.13%) of tax increment from the entire Project Area less inflation share amount.
- (16) Buena Park Library District receives 80% of its share (2.79%) of general levy tax increment and its share of inflationary growth on base year real property value.
- (17) The time limit to incur debt was extended pursuant to SB 211. Statutory pass throughs to agencies that do not have a current tax sharing will begin 2011 at a rate of 20% of incremental growth from base year 2010. An additional passthrough will begin in 2021 at 16.67% of incremental growth. These taxing agencies have a combined share of 33.58%

**Table 18**  
**Project Area III**  
**Extended Projection of Tax Increment Revenue**  
 (000s Omitted)

	Taxable Value		Gross Tax Revenue	SB 2557 Charge	Adjusted Gross Revenues	Housing Set-Aside	Pass-Throughs Agreements	Tax Revenues	Subordinate Pass-Throughs	Total Revenues
	Total Taxable Value	Over Base								
2002-03	163,774	89,141	752	(7)	745	(188)	(272)	285	0	285
2003-04	166,919	77,778	784	(7)	776	(196)	(287)	294	0	294
2004-05	170,127	80,986	816	(8)	808	(204)	(302)	303	0	303
2005-06	173,400	84,259	849	(8)	841	(212)	(317)	312	0	312
2006-07	176,737	87,596	883	(8)	874	(221)	(332)	321	0	321
2007-08	180,142	91,001	917	(9)	908	(229)	(348)	331	0	331
2008-09	183,615	94,474	952	(9)	943	(238)	(364)	341	0	341
2009-10	187,157	98,016	987	(9)	978	(247)	(381)	351	0	351
2010-11	190,770	101,629	1,024	(10)	1,014	(256)	(397)	361	0	361
2011-12	194,455	105,314	1,061	(10)	1,051	(265)	(417)	369	0	369
2012-13	198,214	109,073	1,099	(10)	1,089	(275)	(437)	377	0	377
2013-14	202,048	112,907	1,137	(11)	1,127	(284)	(457)	385	0	385
2014-15	205,959	116,818	1,177	(11)	1,166	(294)	(478)	394	0	394
2015-16	209,948	120,807	1,217	(11)	1,206	(304)	(499)	402	0	402
2016-17	214,017	124,876	1,258	(12)	1,246	(314)	(521)	411	0	411
2017-18	218,167	129,026	1,300	(12)	1,288	(325)	(543)	420	0	420
2018-19	222,400	133,259	1,342	(12)	1,330	(336)	(565)	429	0	429
2019-20	226,718	137,577	1,386	(13)	1,373	(346)	(588)	438	0	438
2020-21	231,123	141,982	1,430	(13)	1,417	(358)	(612)	448	0	448
2021-22	235,615	146,474	1,475	(14)	1,462	(369)	(638)	455	0	455
2022-23	240,197	151,056	1,521	(14)	1,507	(380)	(665)	462	0	462
2023-24	244,871	155,730	1,568	(15)	1,554	(392)	(692)	470	0	470
2024-25	249,638	160,497	1,616	(15)	1,601	(404)	(720)	477	0	477
2025-26	254,501	165,360	1,665	(15)	1,650	(416)	(749)	485	0	485
2026-27	259,461	170,320	1,715	(16)	1,699	(429)	(778)	493	0	493
2027-28	264,520	175,379	1,766	(16)	1,750	(442)	(807)	501	0	501
2028-29	269,680	180,539	1,818	(17)	1,801	(455)	(838)	509	0	509
2029-30	274,943	185,802	1,871	(17)	1,854	(468)	(869)	517	0	517
2030-31*	280,312	191,171	1,925	(18)	1,907	(481)	(900)	526	0	526

**Table 19**  
**Project Area III**  
**Historical Values (1)**

	<u>Base Year</u> 1989	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
<b><u>Secured (2)</u></b>								
Land	19,976,031	34,331,336	47,321,334	49,864,469	56,918,644	60,363,473	61,604,621	72,912,176
Impts	47,077,635	50,886,498	46,963,067	68,958,969	84,788,446	92,274,989	95,800,553	79,579,976
Pers Prop	3,276,440	29,072	58,405	53,494	54,721	45,024	44,692	44,475
Exemptions	0	0	0	0	0	0	0	0
<b>Total Secured</b>	<b>70,330,106</b>	<b>85,246,906</b>	<b>94,342,806</b>	<b>118,876,932</b>	<b>141,761,811</b>	<b>152,683,486</b>	<b>157,449,866</b>	<b>152,536,627</b>
<b><u>Unsecured</u></b>								
Land	0	0	0	0	19,082	0	0	0
Impts	11,268,801	6,719,077	5,035,369	4,218,326	6,855,952	4,310,827	5,782,781	5,456,503
Pers Prop	7,542,344	9,562,885	9,622,687	7,874,113	8,695,721	6,119,013	9,907,330	6,462,022
Exemptions	0	0	0	0	0	0	0	0
<b>Total Unsecured</b>	<b>18,811,145</b>	<b>16,281,962</b>	<b>14,658,056</b>	<b>12,092,439</b>	<b>15,570,755</b>	<b>10,429,840</b>	<b>15,690,111</b>	<b>11,918,525</b>
<b>GRAND TOTAL</b>	<b>89,141,251</b>	<b>101,528,868</b>	<b>109,000,862</b>	<b>130,969,371</b>	<b>157,332,566</b>	<b>163,113,326</b>	<b>173,139,977</b>	<b>164,455,152</b>

Incremental Value:	12,387,617	19,859,611	41,828,120	68,191,315	73,972,075	83,998,726	75,313,901
Annual Change:		60.32%	110.62%	63.03%	8.48%	13.55%	-10.34%

(1) Source: County of Orange Assessed Values Report, Equalized Tax Roll 1996-2002.  
 (2) Secured values include state assessed non-unitary utility property.

**Table 20**  
**PROJECT AREA III**  
**Analysis of Historical Appeals**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Totals</u>
<b>Appeals Data (1)</b>						
Total appeals filed	1	1	2	9	5	18
Appeals Resolved to date (2)	1	1	2	9	1	14
Appeals Resolved With Value Change (3)	0	0	1	1	0	2
Percent of resolved appeals successful	0.0%	0.0%	50.0%	11.1%	0.0%	14.3%
Initial Assessed Value of Successful Appeals			\$700,000	\$12,373,472		\$13,073,472
Board Approved Assessed Value			\$630,000	\$11,000,000		\$11,630,000
Percent Reduction in Original Value			10.00%	11.10%		11.04%
Appeals pending	0	0	0	0	4	4
Value of Appeals Pending					\$43,215,134	\$43,215,134
<b>Projected Value Loss On Outstanding Appeals (4)</b>						<b>\$681,640</b>

- (1) Appeals data as provided by County of Orange as of 2/14/03. Analysis restricted to 1998 to 2003.
- (2) Resolved appeals include successful, withdrawn, and denied appeals.
- (3) Appeals resolved with value change includes only appeals with board approved valuation changes.
- (4) Projected value loss is based on total assessed value of pending appeals, total percentage of resolved appeals successful, and total percentage reduction in original value.

**Table 21**  
**Project Area IV**  
**Preliminary Projection of Tax Increment Revenue**  
 (000's Omitted)

	2001/02	2002/03 (1)	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Taxable Values (3)</b>										
Land	833,320	903,907	921,985	940,425	959,233	978,418	997,986	1,017,946	1,038,306	1,059,071
Improvements	828,671	892,311	910,157	928,360	946,927	965,866	985,183	1,004,887	1,024,985	1,045,484
Less Exemptions	(37,089)	(49,419)	(50,407)	(51,415)	(52,444)	(53,493)	(54,562)	(55,654)	(56,767)	(57,902)
Personal Property	196,004	211,528	211,528	211,528	211,528	211,528	211,528	211,528	211,528	211,528
<b>Total Projected Taxable Value</b>	<b>1,820,906</b>	<b>1,958,327</b>	<b>1,993,263</b>	<b>2,028,898</b>	<b>2,065,245</b>	<b>2,102,320</b>	<b>2,140,135</b>	<b>2,178,708</b>	<b>2,218,051</b>	<b>2,258,182</b>
<b>Taxable Value over Base</b>			<b>172,358</b>	<b>207,992</b>	<b>244,340</b>	<b>281,414</b>	<b>319,230</b>	<b>357,802</b>	<b>397,146</b>	<b>437,276</b>
Gross Revenues			1,735	2,094	2,460	2,833	3,214	3,602	3,998	4,402
<b>LESS:</b>										
Housing Set Aside Requirement (4)			(347)	(419)	(492)	(567)	(643)	(720)	(800)	(880)
SB 2557 Admin. Fee (5)			(16)	(19)	(23)	(26)	(30)	(33)	(37)	(41)
<b>Pass Throughs</b>										
Statutory Pass Throughs (6)			(344)	(415)	(487)	(561)	(637)	(714)	(792)	(872)
<b>Net Revenues</b>			<b>1,028</b>	<b>1,241</b>	<b>1,458</b>	<b>1,679</b>	<b>1,904</b>	<b>2,134</b>	<b>2,369</b>	<b>2,609</b>

(1) Orange County Auditor-Controller preliminary analysis Dec 2002. The County has not yet published assessed values for Project Area IV.  
 Base year totals vary from base year totals in County Fiscal Impact Report published by Orange County 1/9/02.  
 (2) Taxable values inflated 2% per year except value associated with personal property.  
 (3) Gross Tax revenue estimated at \$1.0067 per \$100 of value based on current tax rates.  
 (4) Housing Set Aside calculated at 20% of Gross Revenue.  
 (5) Orange County Administration Fee estimated at 0.928% of Gross Revenue (Given by County 2--25-03).  
 (6) Agency must pay a statutory pass through to all taxing agencies equal to 20% of their share of tax increment.  
 A second statutory pass-through begins in year 2013 at a rate of 16.67% of all taxing agencies share of tax increment.



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**APPENDIX E**

**FORM OF BOND COUNSEL OPINION**

**EXHIBIT E**

**FORM OF BOND COUNSEL OPINION**

June \_\_, 2003

Community Redevelopment Agency of the City of Buena Park  
6650 Beach Boulevard  
Buena Park, California 90620

OPINION: \$24,055,000 Community Redevelopment Agency of the City of Buena Park  
Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds

Members of the Agency:

We have acted as bond counsel in connection with the issuance by the Community Redevelopment Agency of the City of Buena Park (the "Agency") of \$24,055,000 Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds, (the "Bonds"), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), and an Indenture of Trust, dated as of February 1, 2000, as amended and supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003 (as amended and supplemented, the "Indenture"), both by and between the Agency and Union Bank of California, N.A., as trustee. We have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is duly created and validly existing as a public body, corporate and politic, under the laws of the State of California, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with other obligations (if any) issued or to be issued under the Indenture, subject to no prior lien granted under the Law.

4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

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**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Community Redevelopment Agency of the City of Buena Park (the "Agency") in connection with the issuance by the Agency of its \$24,055,000 Community Redevelopment Agency of the City of Buena Park, Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2000 and amended by a First Supplement to Indenture of Trust, dated as of June 1, 2003 (together, the "Indenture"), between the Agency and Union Bank of California, N.A. (the "Trustee"). The Agency hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

*"Annual Report"* shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*"Dissemination Agent"* shall mean Union Bank of California, N.A., or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

*"Listed Events"* shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

*"National Repository"* shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Internet at [www.sec.gov/consumer/nrmsir.htm](http://www.sec.gov/consumer/nrmsir.htm).

*"Official Statement"* shall mean the final Official Statement dated June 17, 2003, relating to the Bonds.

*"Participating Underwriter"* shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering the Bonds.

*"Repository"* shall mean each National Repository and each State Repository.

*"Rule"* shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*"State Repository"* shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Agency's fiscal year (which currently would be December 31 based upon the Agency's current June 30 fiscal year), commencing by December 31, 2000 with the report for the 1999-00 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement for the Bonds, as follows: [to be discussed with Financial Advisor]

(i) summary of Agency indebtedness payable from tax increment generated with respect to the Redevelopment Project Area II (the "Project Area"), including the amount outstanding as of June 30 of the preceding fiscal year;



(ii) designation of assessed valuation in the Project Area for the preceding fiscal year in substantially the form of Table #1 Historical Assessed Valuation Growth in the Official Statement.

(iii) statement of largest property tax payers in the Project Area for the preceding fiscal year in substantially the form of Table #2 Top Ten Property Taxpayers in the Official Statement.

(iv) summary of assessed values and Tax Revenues in substantially the form of Table #3 Projection of Incremental Value and Tax Increment Revenue in the Official Statement; and

(v) debt service coverage for the most recent fiscal year in substantially the form of Table #4 Projected Tax Revenues and Debt Service Coverage in the Official Statement.

(vi) identity of pending and successful appeals of assessed values in the Project Area in substantially the form of Table #5 Property Tax Appeals in the Official Statement, but only if total appeals exceed, in the aggregate, 10% of assessed value in the Project Area;

(vii) summary of property tax collections in the Project Area in substantially the form of Table #6 Historical Delinquency Rate (Property Tax) in the Official Statement;

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Union Bank of California, N.A.. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Bondholders, or any other party.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided however, no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of the Dissemination Agent):

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Counterpart. This Disclosure Certificate may be executed in counterpart, each of which shall constitute an original signature page thereof.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, any Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June \_\_, 2003

COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF BUENA PARK

By: \_\_\_\_\_  
Treasurer

ACKNOWLEDGED AND CONSENTED TO:

\_\_\_\_\_  
UNION BANK OF CALIFORNIA, N.A., as  
Dissemination Agent

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Community Redevelopment Agency of the City of Buena Park

Name of Bond Issue: Community Redevelopment Agency of the City of Buena Park,  
Consolidated Redevelopment Project 2003 Tax Allocation Refunding  
Bonds

Date of Issuance: June \_\_, 2003

NOTICE IS HEREBY GIVEN that the Community Redevelopment Agency of the City of Buena Park (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture of Trust, dated as of June 1, 2003 and between the Agency and Union Bank of California, N.A., as trustee. The Agency anticipates that the Annual Report will be filed by

\_\_\_\_\_.

Dated: \_\_\_\_\_

COMMUNITY REDEVELOPMENT AGENCY OF  
THE CITY OF BUENA PARK

By \_\_\_\_\_  
Executive Director

cc: Trustee

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**APPENDIX G**

**BOOK-ENTRY ONLY SYSTEM**



## **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company, New York, NY (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities, without coupons, registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered bond certificate will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (“Direct Participants”). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owner(s). Beneficial Owner(s) will not receive certificates representing their ownership interests in the Bond, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. if less than all of the Bonds within an issue are being redeemed. DTC’s practice is to determine, by lot, the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached-to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participant's accounts on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Agency or the Trustee; disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Agency. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered and the registration and transfer provisions of the Indenture described under the section entitled "The Bonds - Registration, Transfer and Exchange" will apply.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered and the registration and transfer provisions of the Indenture described under the section entitled "THE BONDS - Registration, Transfer and Exchange" will apply.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof. Accordingly, no representations can be made concerning these matters and neither the Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the Participants, as the case may be.

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**APPENDIX H**

**FORMS OF INSURANCE POLICY AND RESERVE POLICY**

**FINANCIAL GUARANTY INSURANCE POLICY**  
**MBIA Insurance Corporation**  
**Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]

[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

\_\_\_\_\_  
*Specimen* President  
\_\_\_\_\_  
Assistant Secretary

(See "MISCELLANEOUS – Ratings" herein)

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "MISCELLANEOUS – Tax Matters" herein.*

**\$48,800,000**

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK  
CONSOLIDATED REDEVELOPMENT PROJECT  
2008 TAX ALLOCATION BONDS, SERIES A**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover hereof**

The captioned bonds (the "Bonds") are being issued by the Community Redevelopment Agency of the City of Buena Park (the "Agency") to (i) finance certain redevelopment activities of the Agency within or of benefit to the Consolidated Redevelopment Project (the "Redevelopment Project" or the "Project Area"), (ii) fund the Reserve Account for the Bonds, and (iii) pay certain costs related to the issuance of the Bonds.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing on September 1, 2008. The payment of principal of, premium if any, and semiannual interest on the Bonds will be made by Union Bank of California, N.A., Los Angeles, California, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds.

The Bonds are subject to optional and mandatory redemption prior to their maturity under certain conditions as described herein.

The Bonds are payable from and secured by a first lien and pledge of (i) Tax Revenues, which consist of certain tax increment revenues generated in the Project Area that would otherwise be payable to the County of Orange (the "County") on behalf of certain taxing agencies therein and (ii) moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture of Trust, dated as of February 1, 2000, by and between the Agency and the Trustee, as supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003, and a Second Supplement to Indenture of Trust, dated as of February 1, 2008, each by and between the Agency and the Trustee (as amended, the "Indenture"). No funds or properties of the Agency, other than the Tax Revenues and certain other moneys described herein, including moneys in the Reserve Account (as defined herein) held by the Trustee, shall be pledged to, or otherwise liable for, the principal of, premium (if any) or interest on the Bonds. The Agency has previously issued its Redevelopment Project No. II 2000 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$4,515,000 (the "2000 Bonds"), and its Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$20,635,000 (the "2003 Bonds"), which 2000 Bonds and 2003 Bonds are payable from Tax Revenues on a parity basis with the Bonds. The Agency also plans to issue its approximately \$28,000,000 aggregate initial principal amount Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds, Series B (the "2008B Bonds"), which, when and if issued, will also be payable from Tax Revenues on a parity basis with the Bonds. See "SECURITY FOR THE BONDS" and "RISK FACTORS" herein.

The Bonds are not a debt of the City of Buena Park (the "City"), the County, the State of California (the "State") or any of its political subdivisions (other than the Agency) and none of the City, the County, the State nor any of its political subdivisions (other than the Agency) is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Area.

**This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.**

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, is acting as Disclosure Counsel. It is anticipated that the Bonds, in book entry form, will be available for delivery through the facilities of The Depository Trust Company (see "APPENDIX F – Book Entry Only System") on or about March 6, 2008.

**Morgan Stanley & Co. Incorporated**

Dated: February 26, 2008

**\$48,800,000**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**2008 TAX ALLOCATION BONDS, SERIES A**

Base CUSIP<sup>†</sup>: 119147

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**MATURITY SCHEDULE**

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\$6,350,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>†</sup>
2009	\$100,000	3.00%	3.00%	EC6
2010	100,000	3.25	3.25	ED4
2011	100,000	3.50	3.50	EE2
2012	215,000	3.75	3.75	EF9
2013	235,000	3.90	3.90	EG7
2014	255,000	4.00	4.00	EH5
2015	500,000	4.20	4.20	EJ1
2016	540,000	4.30	4.30	EK8
2017	575,000	4.40	4.40	EL6
2018	625,000	4.50	4.55	EM4
2019	680,000	4.70	4.70	EN2
2020	750,000	4.75	4.80	EP7
2021	800,000	4.80	4.90	EQ5
2022	875,000	5.00	5.00	ER3

\$5,755,000 5.250% Term Bonds due September 1, 2025, Priced to Yield 5.250% CUSIP<sup>†</sup> 119147ES1  
 \$10,390,000 5.500% Term Bonds due September 1, 2028, Priced to Yield 5.500% CUSIP<sup>†</sup> 119147ET9  
 \$19,190,000 5.625% Term Bonds due September 1, 2033, Priced to Yield 5.700% CUSIP<sup>†</sup> 119147EU6  
 \$7,115,000 6.250% Term Bonds due September 1, 2035, Priced to Yield 5.700%<sup>(1)</sup> CUSIP<sup>†</sup> 119147EV4

(1) Yield to optional redemption date of September 1, 2018.

† CUSIP Copyright 2008, American Bankers' Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The Agency does not guarantee the accuracy of the CUSIP data.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the Agency in any press release and in any oral statement made with the approval of an authorized officer of the Agency or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Agency or any other entity described or referenced herein since the date hereof.

**Limit of Offering.** No dealer, broker, salesperson or other person has been authorized by the Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Agency, the Financial Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Involvement of Underwriter.** The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.



**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

**BUENA PARK, CALIFORNIA**

**Members of the Agency Board and City Council**

Jim Dow, *Chair and Mayor*  
Steve Berry, *Vice Chair and Mayor Pro-Tem*  
Arthur Brown, *Agency Board Member and Council Member*  
Patsy Marshall, *Agency Board Member and Council Member*  
Donald W. McCay, *Agency Board Member and Council Member*

---

**AGENCY/CITY STAFF**

Rick Warsinski, *Executive Director/City Manager*  
May Wong Hui, *Deputy Executive Director/Economic Development Director*  
Sung Hyun, *Agency Treasurer/Director of Finance*  
Shalice Reynoso, *Secretary City Clerk*

---

**SPECIAL SERVICES**

**Bond Counsel**

Jones Hall  
A Professional Law Corporation  
San Francisco, California

**Disclosure Counsel**

Richards, Watson & Gershon,  
A Professional Corporation  
Los Angeles, California

**Financial Advisor**

Harrell & Company Advisors, LLC  
Orange, California

**Agency Counsel**

Richards, Watson & Gershon,  
A Professional Corporation  
Brea, California

**Trustee**

Union Bank of California, N.A.  
Los Angeles, California

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**\$48,800,000**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**2008 TAX ALLOCATION BONDS, SERIES A**

**INTRODUCTION**

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the Community Redevelopment Agency of the City of Buena Park (the "Agency") of the above-captioned bonds (the "Bonds"). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE".

**Legal Authority**

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health and Safety Code of the State) (the "Redevelopment Law"); an Indenture of Trust, dated as of February 1, 2000, by and between the Agency and Union Bank of California, N.A., as trustee (the "Trustee"), as supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003, and a Second Supplement to Indenture of Trust, dated as of February 1, 2008, each by and between the Agency and the Trustee (as amended, the "Indenture"); and a resolution adopted by the Agency on January 22, 2008 (the "Resolution").

The Agency has previously issued its Redevelopment Project No. II 2000 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$4,515,000 (the "2000 Bonds"), and its Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$20,635,000 (the "2003 Bonds"), which 2000 Bonds and 2003 Bonds are payable from Tax Revenues on a parity basis with the Bonds. See "SECURITY FOR THE BONDS – Parity Debt" and "RISK FACTORS" herein. The Agency also plans to issue its approximately \$28,000,000 aggregate initial principal amount Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds, Series B (the "2008B Bonds"), which, when and if issued, will also be payable from Tax Revenues on a parity basis with the Bonds.

**Financing Purpose**

The proceeds of the Bonds will be used to (i) finance certain redevelopment activities of the Agency within or of benefit to the Consolidated Redevelopment Project Area (the "Redevelopment Project" or the "Project Area"), as more fully described in "THE FINANCING PLAN – Deposit to the Redevelopment Fund", (ii) to fund the Reserve Account for the Bonds, and (iii) to pay certain costs relating to the issuance of the Bonds.

The Agency is required to fund and maintain a reserve account held by the Trustee within the Debt Service Fund established by the Trustee under the Indenture (the "Reserve Account"). The Agency will initially deposit into such Reserve Account proceeds of the Bonds in an amount sufficient to increase the amount on deposit in the Reserve Account to the new Reserve Requirement resulting from the issuance of the Bonds. See "SECURITY FOR THE BONDS" and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for further discussion of the Reserve Account and the

Reserve Requirement. In the event of any deficiency at any time in the Interest Account, the Principal Account, or the Sinking Account of the Debt Service Fund established under the Indenture, the Agency is obligated to pay such amounts from the Reserve Account pursuant to the Indenture. In the event that prior to any Interest Payment Date, the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Agency is also obligated to replenish the Reserve Account, from monies in the Special Fund, by an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement.

The Redevelopment Project is located in the City, in the County of Orange (the "County"). Certain general economic and demographic information with regard to the City may be found in "APPENDIX B – SUPPLEMENTAL INFORMATION – THE CITY OF BUENA PARK AND THE COUNTY OF ORANGE." **THE BONDS ARE NOT A DEBT OF THE CITY, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) AND NONE OF THE CITY, THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREFOR. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.**

### **Tax Allocation Financing**

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as indicated above. Taxes collected upon the increase in assessed valuations in the Project Area and received on or after the date of issuance of the Bonds are referred to herein as tax increment revenues, a portion of which are pledged to the repayment of the Bonds. See "SECURITY FOR THE BONDS – Tax Revenues" herein.

Any future decrease in the taxable valuations in the Project Area or in the applicable tax rates could reduce the Tax Revenues allocated to the Agency and, correspondingly, could have an adverse impact on the availability of Tax Revenues to pay debt service on the Bonds. See "RISK FACTORS" herein.

### **The City and the Agency**

The City is located in northern Orange County, California, immediately west of the Interstate-5 freeway and 91 Freeway interchange, and bordering the County of Los Angeles. The City was incorporated in 1953 and covers an area of approximately 6,592 acres. It maintains a council-manager form of government, with the five Councilmembers elected at-large for staggered four-year terms, and the City Council of the City (the "City Council") elects a Mayor from its members. For certain information regarding the City, see "APPENDIX B – SUPPLEMENTAL INFORMATION – THE CITY OF BUENA PARK AND THE COUNTY OF ORANGE." The Agency was activated by action of the City Council pursuant to Ordinance No. 823, adopted on March 21, 1972, at which time the City Council declared itself to be the governing board of the Agency.

## **The Project Area**

Through the merger of four separate redevelopment project areas, the City Council, on behalf of the Agency, has created the Buena Park Consolidated Redevelopment Project Area, which generates Tax Revenues pledged to the repayment of the Bonds and certain parity debt as described herein and which is referred to herein as the "Redevelopment Project" or the "Project Area". The redevelopment plan that effected the merger of the Agency's four constituent redevelopment project areas (each a "Constituent Project", and collectively, the "Constituent Projects") to form the Project Area was approved by Ordinance No. 1422 of the City adopted on May 7, 2002. The redevelopment plan relating to the Project Area is referred to herein as the "Redevelopment Plan." The four Constituent Projects are as follows: (i) the Central Business District Redevelopment Project Area (the "CBD Constituent Project"), (ii) Project Area II (the "Project II Constituent Project"), (iii) Buena Park Redevelopment Project Area III (the "Project III Constituent Project"), and (iv) Buena Park Redevelopment Project Area IV (the "Project IV Constituent Project"). The CBD Constituent Project is comprised of the original Central Business District Redevelopment Project and additional territories added pursuant to a subsequent amendment to the redevelopment plan for the CBD Constituent Project. See "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA" for additional information on assessed valuations, property ownership, and land uses.

## **Continuing Disclosure**

The Agency has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Agency by not later than six (6) months following the end of the Agency's Fiscal Year (which currently would be by December 31 each year based upon the June 30 end of the Agency's Fiscal Year), commencing December 31, 2008, with the report for the 2007-08 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information depository, if any. The notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

In January 2008, the Agency reviewed its continuing disclosure filings history and determined it did not meet the all of the requirements of its continuing disclosure certificates with respect to the 2000 Bonds and the 2003 Bonds. For the 1999-2000, 2000-2001, and 2001-2002 Fiscal Years, the Agency filed only the Comprehensive Annual Financial Report of the City for each respective year, and each of these filings was made in January of the year following the respective Fiscal Year end. As of January 2008, no filings were made by the Agency with respect to the following Fiscal Year(s): 2002-2003 and 2003-2004. For the 2004-2005 and 2005-2006 Fiscal Years, the Agency filed only its financial statements, which did not include all the required annual report information, and each of these filings was made in January of the year following the respective Fiscal Year end. On February 8, 2008, the Agency made additional filings to provide all of the required information not previously filed in connection with its continuing disclosure undertakings with respect to the 2000 Bonds and the 2003 Bonds. Going forward, the Agency intends to timely comply in all material respects with its undertakings with regard to said Rule to provide annual reports or notices of material events.

## Other Information

Following in this Official Statement are brief descriptions of the Bonds, the Agency, the City, Tax Revenues, the Project Area, security for the Bonds, risk factors and limitations on Tax Revenues and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture are qualified in their entirety by reference to the Indenture and all references to the Bonds are further qualified by reference to the definitive Bonds and to the terms thereof which are contained in the Indenture. All capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indenture.

## FINANCING PLAN

### Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds, are as follows:

#### Sources of Funds:

Par Amount of Bonds	\$48,800,000.00
Plus: Original Issue Premium	99,183.55
Less: Underwriter's Discount	(953,183.55)
Total Sources	<u>\$47,946,000.00</u>

#### Uses of Funds:

Deposit to Redevelopment Fund	\$42,000,000.00
Deposit to Capitalized Interest Subaccount of the Interest Account <sup>(1)</sup>	1,970,027.50
Deposit to Reserve Account of Debt Service Fund <sup>(2)</sup>	3,700,972.50
Deposit to 2008 Series A Costs of Issuance Fund <sup>(3)</sup>	275,000.00
Total Uses	<u>\$47,946,000.00</u>

- (1) An amount equal to interest on a portion of the Bonds through and including March 1, 2011. See "SECURITY FOR THE BONDS – Capitalized Interest."
- (2) An amount equal to the Reserve Requirement as described in "SECURITY FOR THE BONDS – Reserve Account."
- (3) Includes Trustee fees, Bond Counsel and Disclosure Counsel fees, Financial Advisor fees, printing costs, and other related costs.

## **Deposit to the Redevelopment Fund**

The Agency anticipates using the proceeds deposited to the Redevelopment Fund to fund the costs of public improvements within the Project Area consistent with the Agency's approved five-year implementation plan, such as, but not limited to the following:

- Beach Boulevard improvements
- Crescent Avenue sewer capacity study/expansion
- Senior Center expansion
- Buena Park Junior High gymnasium
- construction of a new, up-to-date and modern police facility adjacent to City Hall
- conversion of existing Police Department property

## **THE BONDS**

### **Description**

The Bonds will be registered initially in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York ("DTC"), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Indenture. Purchasers will not receive certificates representing their interests in the Bonds. Principal of and interest on the Bonds will be paid by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its Participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM."

The Bonds will be issued in the aggregate principal amount set forth on the cover hereof as fully registered bonds without coupons. The Bonds will be delivered only in denominations of \$5,000 or integral multiples thereof. The Bonds will be dated the date of their delivery by the Agency to the original purchaser thereof. Interest on the Bonds will be payable on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing on September 1, 2008. Interest with respect to each Bond will be payable to the person whose name appears on the bond registration books of the Trustee as the Owner thereof on the fifteenth calendar day of the month preceding each Interest Payment Date, whether or not such fifteenth calendar day is a business day (each, a "Record Date"). Principal of the Bonds will be payable on September 1 in each of the years and in the amounts shown on the inside cover page hereof.

Interest on the Bonds is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the registration books kept by the Trustee as of the applicable Record Date. The payment of interest to each registered owner of \$1,000,000 or more aggregate principal amount of Bonds may be made by wire transfer to an account in the United States designated by such Owner upon written instructions provided to the Trustee prior to such Record Date. Principal of, and interest and premium (if any) on, the Bonds is payable in lawful money of the United States of America.

The Bonds will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication thereof, unless (i) a Bond is authenticated on or before the following Interest Payment Date and after the close of business on



the preceding Record Date, in which event such Bond will bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event such Bond will bear interest from the dated date of such Bond, or (iii) interest on a Bond is in default as of the date of authentication, in which event interest on such Bond shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

While the Bonds are held in the book-entry only system of DTC, all payments on the Bonds will be made to Cede & Co., as the registered owner of the Bonds. Principal of, and redemption premium (if any), on the Bonds are payable in lawful money of the United States of America upon presentation and surrender of the Bonds at maturity or earlier redemption at the corporate trust office of the Trustee indicated in the Indenture. See “APPENDIX F – BOOK ENTRY ONLY SYSTEM.”

**Optional Redemption**

The Bonds maturing on or before September 1, 2018, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after September 1, 2019, shall be subject to redemption in whole, or in part among maturities as shall be determined by the Agency and by lot within a maturity, on any date commencing September 1, 2018, at the option of the Agency from any available source of funds, at a redemption price equal the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date, without premium.

**Sinking Account Redemption of the Term Bonds**

The Bonds maturing on September 1, 2025, September 1, 2028, September 1, 2033, and September 1, 2035 (collectively, the “Term Bonds”) shall be subject to mandatory sinking fund redemption in part, by lot, on each September 1, from mandatory Sinking Account payments set aside in the Debt Service Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

Term Bonds Maturing September 1, 2025

Sinking Account Payment Date (September 1)	Principal Amount To Be Redeemed
2023	\$ 890,000
2024	1,750,000
2025 (maturity)	3,115,000

Term Bonds Maturing September 1, 2028

Sinking Account Payment Date (September 1)	Principal Amount To Be Redeemed
2026	\$3,280,000
2027	3,460,000
2028 (maturity)	3,650,000

Term Bonds Maturing September 1, 2033

Sinking Account Payment Date (September 1)	Principal Amount To Be Redeemed
2029	\$3,855,000
2030	3,710,000
2031	3,915,000
2032	4,140,000
2033 (maturity)	3,570,000

Term Bonds Maturing September 1, 2035

Sinking Account Payment Date (September 1)	Principal Amount To Be Redeemed
2034	\$3,770,000
2035 (maturity)	3,345,000

In the event that some but not all Bonds have been redeemed pursuant to optional redemption provisions of the Indenture, the total amount of all future Sinking Account payments set forth in the preceding schedule for the Term Bonds will be reduced by the aggregate principal amount of the applicable Term Bonds so redeemed, to be allocated among each Sinking Account payment for the applicable Term Bonds on a basis determined by the Agency in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

**Purchase of Bonds**

In lieu of redemption of Term Bonds pursuant to the Sinking Account redemption provisions above, amounts on deposit in the Special Fund as Sinking Account payments may also be used and withdrawn by the Agency for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Bonds otherwise required to be redeemed on the following September 1 of such year the Sinking Account redemption provisions above.

**General Redemption Provisions**

*Notice of Redemption.* The Trustee on behalf and at the expense of the Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the registration books of the Trustee, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the Agency to the Trustee for deposit in the Redemption Account,

shall designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds of a series between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the corporate trust office of the Trustee indicated in the Indenture for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

*Partial Redemption of Bonds.* In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

*Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

### **Transfer or Exchange**

Any Bond may in accordance with its terms, be transferred, upon the registration books of the Trustee, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond to the corporate trust office of the Trustee in Los Angeles, California (or such other place as may be designated by the Trustee) for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds for like series, interest rate, maturity, and principal amount. The Trustee may refuse to transfer either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the Indenture.

Bonds may be exchanged at the corporate trust office of the Trustee in Los Angeles, California (or such other place as may be designated by the Trustee) for a like aggregate principal amount of authorized denominations and of the same series, interest rate, and maturity. The Trustee may refuse to exchange either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the Indenture.

The Trustee shall require the Owner requesting such registration of transfer or exchange to pay any tax or other governmental charge required to be paid with respect to any such transfer or exchange or Bonds or the replacement of any mutilated, lost or stolen Bonds. The Trustee may also require the Owner requesting such registration of transfer or exchange to pay a reasonable sum as may be necessary to cover any customary expenses incurred and fees charged by the Trustee or the Agency with respect to such transfer or exchange or Bonds or the replacement of any mutilated, lost or stolen Bonds.

### **Events of Default and Acceleration of Bonds**

The following events constitute "Events of Default" under the Indenture:

- (a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;
- (b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the Agency of written notice from the Trustee or any Owner of the occurrence of such default; or
- (c) if the Agency shall commence a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee shall, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

Promptly upon receiving actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate per annum of the Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in

aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee in the order following upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

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## Debt Service Schedule

Scheduled debt service on the Bonds, without regard to any optional redemption, is shown in the following table:

**TABLE 1**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**2008 TAX ALLOCATION BONDS, SERIES A**

### Debt Service Schedule

Bond Year Ending September 1	Principal	Interest	Total
2008	--	\$ 1,303,881.25	\$ 1,303,881.25
2009	\$ 100,000.00	2,682,270.00	2,782,270.00
2010	100,000.00	2,679,270.00	2,779,270.00
2011	100,000.00	2,676,020.00	2,776,020.00
2012	215,000.00	2,672,520.00	2,887,520.00
2013	235,000.00	2,664,457.50	2,899,457.50
2014	255,000.00	2,655,292.50	2,910,292.50
2015	500,000.00	2,645,092.50	3,145,092.50
2016	540,000.00	2,624,092.50	3,164,092.50
2017	575,000.00	2,600,872.50	3,175,872.50
2018	625,000.00	2,575,572.50	3,200,572.50
2019	680,000.00	2,547,447.50	3,227,447.50
2020	750,000.00	2,515,487.50	3,265,487.50
2021	800,000.00	2,479,862.50	3,279,862.50
2022	875,000.00	2,441,462.50	3,316,462.50
2023	890,000.00	2,397,712.50	3,287,712.50
2024	1,750,000.00	2,350,987.50	4,100,987.50
2025	3,115,000.00	2,259,112.50	5,374,112.50
2026	3,280,000.00	2,095,575.00	5,375,575.00
2027	3,460,000.00	1,915,175.00	5,375,175.00
2028	3,650,000.00	1,724,875.00	5,374,875.00
2029	3,855,000.00	1,524,125.00	5,379,125.00
2030	3,710,000.00	1,307,281.26	5,017,281.26
2031	3,915,000.00	1,098,593.76	5,013,593.76
2032	4,140,000.00	878,375.00	5,018,375.00
2033	3,570,000.00	645,500.00	4,215,500.00
2034	3,770,000.00	444,687.50	4,214,687.50
2035	3,345,000.00	209,062.50	3,554,062.50
	<u>\$48,800,000.00</u>	<u>\$56,614,663.77</u>	<u>\$105,414,663.77</u>

## SECURITY FOR THE BONDS

### General

The Bonds are limited obligations of the Agency entitled to the benefits of the Indenture and are payable solely from and secured by (i) Tax Revenues and (ii) moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture. See “– Tax Revenues” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Funds and accounts to be established and held under the Indenture include the Special Fund, the 2008 Series A Costs of Issuance Fund, the Debt Service Fund (and the Interest Account, Principal Account, Sinking Account, Reserve Account, and Redemption Account therein), and the Redevelopment Fund. *Except for moneys deposited in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account), none of the other funds and accounts held under the Indenture are pledged to repayment of the Bonds.*

The Bonds are not a debt of the City, the County, the State or any of its political subdivisions (other than the Agency) and none of the City, the County, the State nor any of its political subdivisions (other than the Agency) is liable therefor.

### Allocation of Taxes

As provided in the Redevelopment Plan (as defined herein), and pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code) and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project each year by or for the benefit of the State of California and any city, county, city and county, district or other public corporation (herein collectively referred to as “taxing agencies”) for each fiscal year beginning after the effective date of the ordinance approving the Redevelopment Plan, are divided as follows:

1. To other taxing agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance approving the Redevelopment Plan (the “Base Year Amount”) shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies in the same manner as taxes by or for the taxing agencies on all other property are paid; and

2. To the Agency: Except for taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the respective taxing agency, that portion of the levied taxes each year in excess of the Base Year Amount shall be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the Redevelopment Project.

## Tax Revenues

The term "Tax Revenues" as defined in the Indenture means moneys allocated within the Plan Limitations (as defined in the Indenture) and paid to the Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Sections 16110, et seq., of the Government Code of the State of California) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and including that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund (as defined herein), but only to the extent necessary to repay that portion of the Bonds (including that portion of the Prior Bonds refunded with the proceeds of the 2000 Bonds) and any Parity Debt (as defined in the Indenture and including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Redevelopment Law, (ii) amounts payable by the Agency pursuant to the Tax-Sharing Agreements and (iii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of Parity Debt, as applicable, and with respect to the payment of Debt Service on the Bonds and, when and if issued, the 2008B Bonds, amounts payable by the Agency pursuant to the CarMax Promissory Note. As defined in the Indenture, "CarMax Promissory Note" means the Promissory Note, dated September 3, 2003, executed in the original principal amount of \$4,318,718.00 by the Agency, as payor, and CarMax Auto Superstores West Coast, Inc. as payee. See "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Current Debt Structure" and "APPENDIX A – Summary of Certain Provisions of the Indenture."

The Bonds are secured by and payable from the Tax Revenues and moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture.

The Agency's receipt of Tax Revenues is subject to certain limitations contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 and 33333.4 of the Redevelopment Law. See Table 3 under "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Redevelopment Plan Limitations."

The Agency has covenanted in the Indenture to comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation, the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of amounts payable by the State) appropriate officials of the State.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay principal and interest on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.



THE BONDS ARE NOT A DEBT OF THE CITY, THE COUNTY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE CITY, THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREON. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.

#### **Special Fund; Debt Service Fund**

Pursuant to the Indenture, the Agency has established and holds a special fund known as the "Special Fund." The Agency will deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in the Indenture and any Supplemental Indenture. All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the foregoing will be released from the pledge and lien hereunder for the security of the Bonds, the 2000 Bonds, the 2003 Bonds, and, when and if issued, the 2008B Bonds, and may be applied by the Agency for any lawful purposes of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture with respect to the rebate of excess investment earnings, if any.

The Indenture also establishes a special fund known as the "Debt Service Fund" held by the Trustee. Moneys in the Special Fund will be transferred by the Agency in the following amounts, at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, which are established under the Indenture with the Trustee, and in the following order of priority:

(a) on or before the fifth (5th) Business Day preceding each Interest Payment Date, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Outstanding Parity Debt on such Interest Payment Date; provided, no such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Outstanding Parity Debt. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds or Parity Debt redeemed prior to maturity pursuant to the Indenture);

(b) on or before the fifth (5th) Business Day preceding September 1 in each year in which principal of the Bonds and Parity Debt is due and payable, for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding serial bonds of Parity Debt and any maturing Term Bonds and any maturing term bonds of Parity Debt on the next Interest Payment Date; provided, no such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Interest Payment Date on all of such Outstanding Serial Bonds and any such maturing Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and

serial bonds of Parity Debt and maturing Term Bonds and maturing term bonds of Parity Debt as it becomes due and payable;

(c) on or before the fifth (5th) Business Day preceding each September 1 on which any Outstanding Term Bonds or Outstanding term bonds of Parity Debt are subject to mandatory redemption pursuant to the Sinking Account redemption provisions of the Indenture, for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of such Term Bonds or Parity Debt term bonds required to be redeemed on such September 1 pursuant to the Sinking Account redemption provisions of the Indenture. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds and Parity Debt term bonds as it shall become due and payable upon redemption pursuant to the Sinking Account redemption provisions of the Indenture (see “THE BONDS – Sinking Account Redemption of the Term Bonds” herein); and

(d) to deposit in the Reserve Account an amount, if any, required to cause the amount on deposit in the Reserve Account to be equal to the Reserve Requirement (see “– Reserve Account” below).

See “APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

#### **Reserve Account**

The Trustee shall establish and maintain within the Debt Service Fund a separate account known as the Reserve Account (the “Reserve Account”). The Reserve Account shall be held by the Trustee in trust. The amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement (the “Reserve Requirement”) at all times prior to the payment of the Bonds and Parity Debt in full, except to the extent required for the purposes set forth in the Indenture. As defined in the Indenture, “Reserve Requirement” means, as calculated by the Agency, the least of (i) 125% of average annual Debt Service on the Bonds and Parity Debt, (ii) 10% of the original principal amount of the Bonds and any Parity Debt or, (iii) Maximum Annual Debt Service. The Reserve Account was funded initially upon issuance of the 2000 Bonds and supplemented upon issuance of the 2003 Bonds in such amounts necessary so that the moneys on deposit in the Reserve Account were not less than the applicable Reserve Requirement. As a result of the issuance of the Bonds and, when and if issued, the 2008B Bonds, the Reserve Account will be again supplemented to cause the amount on deposit in the Reserve Account to be not less than the new Reserve Requirement. The existing Reserve Requirement is \$2,462,465 and will increase by \$3,700,972.50 upon issuance of the Bonds.

In the event that prior to any Interest Payment Date the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Trustee will promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency will withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency is obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or

for the retirement of all the Bonds and any Parity Debt then Outstanding, except that so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the final Interest Payment Date will be withdrawn from the Reserve Account and transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Agency shall have caused to be deposited in the Debt Service Fund an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Agency to the Redevelopment Fund.

The Agency has the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds (or any related Parity Debt) to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee will transfer such funds from the Reserve Account to the Agency to be deposited in the Redevelopment Fund and used for the purposes thereof. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency shall be pro-rata with respect to each such instrument.

Currently, there is \$2,067,215 on deposit in the Reserve Account, plus \$3,700,972.50 to be deposited upon issuance of the Bonds, as well as a Qualified Reserve Account Credit Instrument in the amount of \$395,250 issued by MBIA Insurance Corporation with respect to the 2000 Bonds (the "2000 Surety Bond"). The 2000 Surety Bond is not available to pay the 2003 Bonds, the Bonds, or, if and when issued, the 2008B Bonds.

### **Low and Moderate Income Housing Fund**

The Redevelopment Law generally requires redevelopment agencies to set aside 20% of all tax increment revenues derived from redevelopment project areas (such amounts of a redevelopment project area being referred to herein as the "Housing Revenues") in a low and moderate income housing fund (the "Low and Moderate Income Housing Fund"). Under the Redevelopment Law, the Agency must use amounts deposited in the Low and Moderate Income Housing Fund to increase, improve, and preserve the supply of low and moderate income housing within the jurisdiction of the Agency. This low and moderate income housing requirement could be reduced or eliminated if a redevelopment agency finds that: (1) no need exists in the community to improve or increase the supply of low and moderate income housing; and (2) that some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need. No such findings have been made by the Agency.

The Tax Revenues exclude the Housing Revenues derived from the Redevelopment Project. In addition, the Agency entered into a settlement agreement with respect to the formation of the Project III Constituent Project (the "Project III Settlement Agreement") which requires the Agency to set aside an additional 5% of gross Tax Revenues derived from the Project III Constituent Project to the Low and Moderate Income Housing Fund. The projections in Table 12 exclude the additional monies to be deposited into the Low and Moderate Income Housing Fund pursuant to the Project III Settlement Agreement.

The Agency has allocated proceeds of bond previously issued and funded by tax increment from the Project II Constituent Project to the Low and Moderate Income Housing Fund. Such bonds were refunded by the 2000 Bonds, and the Agency contributes \$82,160 annually from Housing Revenues to meet the portion of debt service on the 2000 Bonds attributable to the allocation to the Low and Moderate Income Housing Fund.

The provisions of the Redevelopment Law regarding the funding of low- and moderate-income housing funds have been frequently amended since their original adoption. In addition, the interpretations of these laws by the California Attorney General and redevelopment agency counsels throughout the State have at times been subject to variation and change. The Agency cannot predict what impact any future amendment to the laws relating to low and moderate income housing funds may have on tax increment revenues to the Agency.

### **Capitalized Interest**

There will be an initial deposit by the Agency to the Capitalized Interest Subaccount of the Interest Account of the Debt Service Fund from proceeds of the Bonds. The amount deposited, together with investment earnings thereon, will be applied to pay interest on a portion of the Bonds through and including March 1, 2011. These estimated amount of debt service to be paid from the Capitalized Interest Account is \$725,000 on March 1, 2009, \$725,000 on March 1, 2010, and \$685,000 on March 1, 2011.

### **Parity Debt**

The Agency may issue or incur additional obligations on a parity with the Bonds, the 2008B Bonds (when and if issued), the 2003 Bonds, and the 2000 Bonds ("Parity Debt") in such principal amount as shall be determined by the Agency. The Agency may issue or incur Parity Debt subject to the following specific conditions precedent specified in the Indenture:

- (a) The Agency shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;
- (b) The Tax Revenues estimated to be received for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County, shall be at least equal to 150% of Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt through and including the expected final maturity of the 2008B Bonds (September 1, 2023) and thereafter 125%;
- (c) The Supplemental Indenture providing for the issuance of such Parity Debt under the Indenture shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable;
- (d) Money shall be deposited in the Reserve Account from the proceeds of the sale of said Parity Debt (or from other available funds of the Agency) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt, and the Supplemental Indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts, including a separate Reserve Account;
- (e) The aggregate amount of the principal of and interest on all Outstanding Bonds and Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the

maximum amount of Tax Revenues permitted under the Plan Limitations to be allocated and paid to the Agency following the issuance of such Parity Debt; and

(f) The Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b), (c), and (e) above have been satisfied and that an amount equal to the Reserve Requirement is on deposit in the Reserve Account as of the delivery of such Parity Debt.

### **Subordinate Debt**

The Agency may incur loans, advances, or indebtedness issued or incurred by the Agency which are either (i) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, or (ii) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds ("Subordinate Debt") in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limitations, then all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Subordinate Debt; and

(c) If, and to the extent such Subordinate Debt is bonded debt, Tax Revenues estimated to be received for the then current Fiscal Year and all subsequent years shall be at least equal to 100% of annual debt service on such Subordinate Debt, together with debt service on all debt with a senior lien on Tax Revenues; and

(d) Except with respect to any Subordinate Debt issued and delivered on the Closing Date, the Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in subsections (a) and (b) above have been satisfied.

## **THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

### **Authority and Personnel**

The Agency was established pursuant to the Redevelopment Law and was activated by the City Council by Ordinance No. 823 adopted on March 21, 1972 at which time the City Council declared itself to be the governing board of the Agency. The Agency is charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City. The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The Agency can build public improvements, facilitate the development of on and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Project Area.

Members of the Agency and their terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
Jim Dow, Chair	November 2008
Steve Berry, Vice Chair	November 2008
Arthur Brown	November 2010
Patsy Marshall	November 2010
Donald W. McCay	November 2010

### **Agency Administration**

Rick Warsinski is the current City Manager of the City and the Executive Director of the Agency. The City Manager, appointed by the City Council, serves at the pleasure of the Council. Mr. Warsinski is responsible for the efficient administration of all affairs of the City including implementation of State laws and City ordinances, and he has over 31 years of municipal government experience, with 28 years in the City of Buena Park. Mr. Warsinski served as the Community Development Director prior to appointment to his current position of City Manager. The City, under his direction, is embarking on a Strategic Plan focused on reshaping key areas of the city and the construction of new facilities including a new Police Department building, a new gymnasium, and an expanded senior center. His key projects during his tenure as Community Development Director with the City include the development and implementation of the Entertainment Corridor and Auto Center, redevelopment of the Buena Park Mall, with numerous housing, commercial, and industrial projects. He has served on the board of the Orange County Planning Directors Association and was its President in 2003. Mr. Warsinski obtained his Bachelors Degree from Chapman University and his Masters Degree from Cal State University, Dominguez Hills.

May Wong Hui is the Economic Development Director for the City's Economic Development Department, which is directly responsible for providing staff services to the Agency, and serves as the Agency's Deputy Executive Director. Ms. Hui is also responsible for the commercial and residential rehabilitation programs, Community Development Block Grant program, as well as redevelopment activities of the City. She has worked with local government planning since 1979, nineteen of those years with the Agency. Ms. Hui has a Bachelor of Science Degree from California Polytechnic State University at San Luis Obispo and a Master's Degree in Negotiation and Conflict Management from California State University at Dominguez Hills.

Sung Hyun is the Director of Finance for the City and the Treasurer of the Agency, and he is responsible for the financial affairs of the City and the Agency. Mr. Hyun has been with the City since 2006 and has worked in municipal finance for over 14 years and has also held positions in the cities of Downey, Redondo Beach, and Santa Monica. He received his Bachelor of Science Degree in Accounting from California State University at Long Beach and is a member of the California Society of Municipal Finance Officers, the California Municipal Treasurers Association, and the Government Finance Officers Association.

Shalice Reynoso is the Agency Secretary and City Clerk and was appointed by the City Council to serve in this capacity in October of 1997. Other responsibilities include serving as the City's Election Official, recording, and maintaining proceedings and actions of both the City Council and the Agency. Ms. Reynoso received her B.A. from Brigham Young University in Provo, Utah and is an active member in the City Clerk's Association of California, the International Institute of Municipal Clerks, the National Notary Association, and the Buena Park Historical Society (Board Member 1992-98).

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency. The firm of Diehl, Evans & Company, LLP, Certified Public Accountants & Consultants, Irvine, California, prepared a financial statement for the Agency for the fiscal year ended June 30, 2007. The firm's examination was made in accordance with generally accepted auditing standards. The Agency follows fund accounting principles reflecting the modified accrual basis of accounting in which revenue is recognized when earned or otherwise becomes available, and expenditures are recognized when incurred. The firm reported after their examination that they noted no instances of noncompliance for the fiscal year ended June 30, 2007. See "APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR FISCAL YEAR ENDED JUNE 30, 2007". Since the audited financial statements are public documents, the Agency has not requested nor did the Agency obtain permission from Diehl, Evans & Company, LLP to include the audited financial statements as an appendix to this Official Statement. Accordingly, Diehl, Evans & Company, LLP has not performed any post-audit review of the financial condition or operations of the Agency.

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## THE CONSOLIDATED REDEVELOPMENT PROJECT AREA

### General

*General.* Through the merger of four separate redevelopment project areas, the City Council, on behalf of the Agency, has created one consolidated redevelopment project area within the City, the Buena Park Consolidated Redevelopment Project Area, which generates Tax Revenues pledged to the repayment of the Bonds and which is referred to herein as the “Redevelopment Project” or the “Project Area”. The redevelopment plan that effected the merger of the Agency’s four constituent redevelopment project areas (each a “Constituent Project”, and collectively, the “Constituent Projects”) to form the Project Area was approved by Ordinance No. 1422 of the City adopted on May 7, 2002. The redevelopment plan relating to the Project Area is referred to herein as the “Redevelopment Plan.” The four Constituent Projects are as follows: (i) the Central Business District Redevelopment Project Area (the “CBD Constituent Project”), (ii) Project Area II (the “Project II Constituent Project”), (iii) Buena Park Redevelopment Project Area III (the “Project III Constituent Project”), and (iv) Buena Park Redevelopment Project Area IV (the “Project IV Constituent Project”). The Project Area encompasses approximately 3,940 acres, almost 60% of the 6,592 acres constituting the City.

The following table summarizes the Project Area.

**TABLE 2**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**Summary of Consolidated Redevelopment Project**  
**(Constituent Projects)**

Constituent Project	Adoption Date	Size of Area (acres)	Base Year Value <sup>(1)</sup>	2007-08 Assessed Value (in millions)	% of Total Consolidated Project 2007-08 Assessed Value	2007-08 Incremental Value (in millions)	% of Total Consolidated Project 2007-08 Incremental Value	2007-08 Estimated Tax Revenues (in millions) <sup>(2)</sup>	Incremental Value as % of Total Constituent Project AV
CBD – Original Area	12/3/1979	208	\$ 17,451,956	\$ 171.0	3.8%	\$ 153.5	6.4%	\$ 1.1	90%
CBD – Amendment Areas A-F, H-K	11/16/1981	300	64,339,433	525.5	11.6	461.2	19.3	3.5	88
Project Area II	10/1/1984	311	100,551,145	414.8	9.2	314.2	13.1	2.1	76
Project Area III	7/9/1990	200	89,141,251	348.3	7.7	259.1	10.8	1.0	74
Project Area IV	5/7/2002	2,921	1,857,182,321	3,063.7	67.7	1,206.5	50.4	7.2	39
Total <sup>(3)</sup> :		3,940	\$2,128,666,106	\$4,523.3	100.0%	\$2,394.6	100.0%	\$14.9	

(1) As reflected below in the tables under the caption, “– Historical Assessed Values and Incremental Values,” base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

(2) Includes assumed unitary revenues.

(3) Columns may not add due to rounding.

Source: Harrell & Company Advisors, LLC

### Redevelopment Plan Limitations

The Redevelopment Plan limits taxes, as defined in Section 33670 of the Redevelopment Law, that may be divided and allocated to the Agency with respect to the Project Area. In addition, the Redevelopment Plan limits the amount of bonded indebtedness that may be outstanding at any one time. See Table 3 below for a summary of these limitations in the Redevelopment Plan with respect to the



Project Area, as well as other limitations required under the Redevelopment Law as discussed further below.

In 1993, the California Legislature enacted AB 1290, Chapter 942, Statutes of 1993, effective January 1, 1994 (“AB 1290”). AB 1290 included (i) provisions enacting a statutory maximum limit on the time period for establishing loans, advances, and indebtedness which are payable from tax increment revenues; (ii) provisions requiring a time limit not to exceed a statutory maximum limit on the effectiveness of a redevelopment plan; and (iii) provisions requiring a time limit not to exceed a statutory maximum limit on redevelopment agency’s receipt of tax increment and payment of indebtedness with tax increment.

In order to comply with AB 1290, the City adopted Ordinance No. 1309 on August 15, 1994 with respect to the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project. In 1998, AB 1342 was enacted by the State Legislature and became effective January 1, 1999. This bill permitted agencies having limits shorter than those permitted by AB 1290 to amend their plans to incorporate the maximum permitted limits allowed under AB 1290 without complying with the statutory plan amendment process. On October 26, 1999, the City Council adopted Ordinance No. 1395 with respect to the CBD Constituent Project to restate the time limitation for establishing loans, advances, and indebtedness permitted by AB 1290 and AB 1342.

In 2001, the California Legislature enacted SB 211, Chapter 741, Statutes of 2001, effective January 1, 2002 (“SB 211”). Among other things, SB 211 provides that at any time after January 1, 2002, the limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994, may be eliminated by ordinance of the legislative body. However, such elimination will trigger statutory tax sharing with those taxing entities that do not have Tax Sharing Agreements. See “– Tax Sharing Statutes” below. Tax sharing will be calculated based on the increase in assessed valuation after the year in which the limitation would otherwise have become effective. Amounts payable to taxing agencies under the SB 211 formula are to be computed after deducting the Housing Set-Aside Amount attributable to the increase in assessed valuation. On March 26, 2002, the City Council adopted Ordinance No. 1418 with respect to the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project, which eliminated the limitation on incurring indebtedness contained in the respective Constituent Project Redevelopment Plans pursuant to SB 211.

The California Legislature subsequently enacted Senate Bill 1045, Chapter 260, Statutes of 2003, effective September 1, 2003 (“SB 1045”). SB 1045 required each redevelopment agency to make an allocation of revenue to the applicable county auditor in the 2003-04 fiscal year for deposit in the Educational Revenue Augmentation Fund (“ERAF”) in the applicable county for allocation to school entities, based on a statewide aggregate allocation of \$135,000,000. Section 33683 of the Redevelopment Law provides, for the purpose of determining whether the limit on the tax increment revenue that may be allocated to the Agency has been reached, the aggregate amount of ERAF payments made by the Agency from tax increment revenue in 2003-04 and in a number of prior Fiscal Years, as required by legislation, may be deducted from the amount of tax increment revenue deemed to have been received by the Agency. SB 1045 also permits a redevelopment plan to be amended to add one year to the duration of the redevelopment plan and to the period for collection of tax increment revenues and the repayment of debt. On February 8, 2005, the City Council adopted Ordinance No. 1464 with respect to the Project Area, which added for all Constituent Projects one year to the duration of the Redevelopment Plans and one year to the period for collection of tax increment revenues and the repayment of debt, pursuant to SB 1045.

On July 28, 2004, the California Legislature enacted Senate Bill 1096, Chapter 211, Statutes of 2004, effective August 5, 2004 (“SB 1096”). SB 1096 again required a transfer to the ERAF by

redevelopment agencies for each of fiscal years 2004-05 and 2005-06, in the aggregate amount of \$250 million per year. SB 1096 permits an agency having to make an ERAF payment thereunder to extend the time limit on the effectiveness of redevelopment plans by ordinance as follows: redevelopment plans with ten years or less of effectiveness remaining from the last day of the fiscal year in which a payment is made can be extended one year for each year an ERAF payment is made; plans with 10 to 20 years remaining from the last day of the fiscal year in which a payment is made can be extended one year for each year an ERAF payment is made if the legislative body finds the agency is in compliance with major housing requirements under the Redevelopment Law; and plans with more than 20 years remaining from the last day of the fiscal year in which a payment is made cannot be extended. On March 27, 2007, the City Council adopted Ordinance No. 1496 with respect to the Project Area, which added for the CBD Constituent Project and the Project II Constituent Project two years to the duration of the Redevelopment Plans and two years to the period for collection of tax increment revenues and the repayment of debt, pursuant to SB 1096. For additional discussion about the ERAF and related risk factors, see “RISK FACTORS—State Budget; ERAF” herein.

Except as to the Project IV Constituent Project, for which no authority to utilize eminent domain was conferred, and certain exempted parcels within the CBD Constituent Project and the Project II Constituent Project, the Redevelopment Plan authorizes the Agency to employ the power of eminent domain to acquire real property within the Project Area which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method. Under the terms of the Redevelopment Plan, that power has expired with respect to all real property in the Project Area except certain territories within the CBD Constituent Project and the Project II Constituent Project which were subjected to the eminent domain authority commencing on July 26, 2005 pursuant to Ordinance No. 1471 of the City Council. The last date on which the Agency may commence an eminent domain proceeding with respect to any such territory is July 26, 2017. The Agency may use its power of eminent domain to implement redevelopment projects to be financed with the proceeds of the Bonds. See “RISK FACTORS – Eminent Domain Legislation.”

The actions taken by the City Council to date have resulted in the time limitations set forth in Table 3:

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**TABLE 3**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**Consolidated Redevelopment Project**  
**Redevelopment Plan Limitations**

<b>CONSOLIDATED REDEVELOPMENT PROJECT AREA</b>		
Merger Adoption Date:	May 7, 2002	Ordinance No. 1422
Amended and Restated Plan Adoption Date:	June 26, 2007	Ordinance No. 1501
Total Merged Project Area: approximately 3,940 acres: consisting of four Constituent Projects		
Maximum Bonded Indebtedness:	\$380,000,000	
<b>CENTRAL BUSINESS DISTRICT CONSTITUENT PROJECT</b>		
Plan Adoption Date, Original CBD Project:	December 3, 1979	Ordinance No. 1069
Amendment Areas A-F and H-K added:	November 16, 1981	Ordinances Nos. 1115-1124
Amended and Restated Plan Adoption Date:	July 20, 1992	Ordinance No. 1285
Total Project Area, Original CBD Project:	208 Acres	
Total Amendment Areas A-F and H-K:	300 Acres	
Maximum Tax Increment:	\$250,000,000	Tax Increment Received to Date: \$75,695,000
Last Date to Receive Property Taxes/Pay Debt:		
Original CBD Project:	December 3, 2032	
Amendment Areas A-F and H-K:	November 16, 2034	
Plan Termination Date:		
Original CBD Project:	December 3, 2022	
Amendment Areas A-F and H-K:	November 16, 2024	
Last Date to Incur Debt:	Eliminated	
<b>PROJECT II CONSTITUENT PROJECT</b>		
Plan Adoption Date:	October 1, 1984	Ordinance No. 1163
Total Project Area: 311 Acres		
Maximum Tax Increment:	\$150,000,000	Tax Increment Received to Date: \$34,350,000
Last Date to Receive Property Taxes/Pay Debt:	October 1, 2037	
Plan Termination Date:	October 1, 2027	
Last Date to Incur Debt:	Eliminated	
<b>PROJECT III CONSTITUENT PROJECT</b>		
Plan Adoption Date:	July 9, 1990	Ordinance No. 1246
Total Project Area: 200 Acres		
Maximum Tax Increment:	\$405,000,000	Tax Increment Received to Date: \$12,357,000
Last Date to Receive Property Taxes/Pay Debt:	July 9, 2041	
Plan Termination Date:	July 9, 2031	
Last Date to Incur Debt:	Eliminated	
<b>PROJECT IV CONSTITUENT PROJECT</b>		
Plan Adoption Date:	May 7, 2002	Ordinance No. 1421
Total Project Area: 2,921 Acres		
Maximum Tax Increment:	N/A <sup>(1)</sup>	
Last Date to Receive Property Taxes/Pay Debt:	May 7, 2048	
Plan Termination Date:	May 7, 2033	
Last Date to Incur Debt:	May 7, 2022	

(1) The Redevelopment Law does not require a redevelopment plan for a project area formed on or after January 1, 1994 to contain a limitation on the maximum amount of tax increment that can be allocated to the Agency pursuant to Section 33670 and derived from such project area. Therefore, the Project IV Constituent Project is not subject to a limitation on maximum tax increment.

Source: Community Redevelopment Agency of the City of Buena Park

## **Tax Sharing Agreements**

Former Section 33401 of the Redevelopment Law authorized redevelopment agencies to enter into agreements, commonly referred to as “pass-through” or “tax-sharing” agreements, providing for the payment of tax increment revenues to taxing entities in order to alleviate any detriment to the taxing entity resulting from the establishment of a redevelopment project. Pursuant to said Section 33401, the Agency has entered into numerous pass-through agreements (the “Tax Sharing Agreements”) with the County of Orange, school districts and others with respect to the Project II Constituent Project and the Project III Constituent Project.

*Project II Constituent Project.* The Agency has entered into agreements with seven (7) taxing agencies for allocation and distribution of tax increment funds with respect to the Project II Constituent Project as follows:

- *County of Orange.* Pursuant to its agreement with the County, the Agency is to pay to the County General Fund 100% of the County’s share of tax increment derived from the annual 2% (or less) inflation adjustment, and 50% of the County’s share in excess of the inflation revenue.
- *Orange County Flood Control District.* Pursuant to its agreement with the Flood Control District, the Agency is to pay to the Flood Control District 100% of its share of tax increment derived from the annual 2% (or less) inflation adjustment, and 80% of the Flood Control District’s share in excess of the inflation revenue.
- *Orange County Water District.* In each year, commencing with Fiscal Year 1985-86, the Agency will pay to the Water District a sum equal to 50% of the Water District’s share of the tax increment revenues.
- *Buena Park Library District.* The Library District is to receive 100% of its share of tax increment derived from the annual inflation adjustment, and 80% of tax increment in excess of the inflation revenue. This obligation is subordinate to bond indebtedness.
- *Anaheim Union High School District.* For each Fiscal Year, the Agency pays the Anaheim Union High School District 12% of the school district’s share of tax increment derived from the portion of the Constituent Project attributed to the school district (currently 20%).
- *Fullerton Joint Union High School District.* The Agency pays the Fullerton Joint Union High School District 12% of the school district’s share of tax increment derived from the portion of the Constituent Project that is attributed to the school district (currently 80%).
- *Orange County Board of Education.* The Agency pays annually to the Orange County Board of Education 25% of the Board’s share of tax increment from the Constituent Project.

*Project III Constituent Project.* The Agency has entered into agreements with eleven (11) taxing agencies for allocation and distribution of tax increment funds with respect to the Project III Constituent Project as follows:

- *County of Orange (General Fund and Harbors, Beaches and Parks).* Pursuant to its agreement with the County, the Agency is to pay to the County 55% of (i) its share of tax increment attributable to the County General Fund and (ii) its share of tax increment

attributable to the Harbors, Beaches and Parks County Service Area (currently in the aggregate 7.07%).

- *Orange County Flood Control District.* The Orange County Flood Control District receives 100% of its share of tax increment (currently 1.82%).
- *Orange County Department of Education.* The Agency pays annually to the Orange County Department of Education 100% of its share (currently 3.40%) of tax increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.
- *Orange County Vector Control District.* Pursuant to its agreement with the Orange County Vector Control District, the Agency pays the district annually 100% of its share (currently 0.10%) of tax increment.
- *Orange County Water District.* The Water District receives 50% of its share (currently 0.74%) of the tax increment.
- *North Orange County Community College District.* The Community College District receives 100% of its share (currently 6.41%) of tax increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.
- *Anaheim Union High School District.* For each Fiscal Year, the Agency pays the Anaheim Union High School District 50% of its stipulated share of tax increment (14.4%) over the entirety of the Constituent Project.
- *Fullerton Joint Union High School District.* The Agency pays the Fullerton Joint Union High School District 25% of the school district's share (currently 20.6%) of tax increment derived from the portion of the Constituent Project that is attributed to the school district. The school district's weighted average share of the entire Constituent Project is currently 3.57%.
- *Buena Park School District.* The Buena Park School District receives 50% of its share (currently 23.1%) of tax increment derived from the annual inflation adjustment from that portion of the Constituent Project that is attributed to the school district. The school district also receives 50% of its share of tax increment for such portion of the Constituent Project net of the inflationary amount. The school district's weighted average share of the entire Constituent Project is currently 4.01%.
- *Centralia School District.* The Centralia School District receives 100% of its share (currently 33.0%) of tax increment derived from the annual inflation adjustment from that portion of the Constituent Project that is attributed to the school district. The school district also receives 23.56% of its share of tax increment for such portion of the Constituent Project net of the inflationary amount. The school district's weighted average share of the entire Constituent Project is currently 28.09%.
- *Buena Park Library District.* The Library District receives 80% of its share (currently 2.79%) of tax increment. This amount is subordinate to bond indebtedness.

## Payment of Taxes

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31.

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the January 1 lien date for property within the boundaries of the Project Area. This results in the reported total current year Project Area taxable value and becomes the basis of determining tax increment revenues due to the Agency. Although adjustments to taxable values for property within the Project Area may occur throughout the fiscal year to reflect escaped assessments, roll corrections, etc., such adjustments are not assumed on the tax increment projection. The County remits tax monies to the redevelopment agencies within the County in nine installments, commencing mid-November through late July of each year. Major payments for secured taxes are typically made in December and April.

The County has adopted an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code, which requires the County to pay 100% of secured property taxes due to participating local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

However, the redevelopment agencies within the County do not participate in the County Teeter Plan, and therefore their respective receipts of tax increment revenues is subject to variation depending on delinquency and collection rates. See "RISK FACTORS – Levy and Collection."

The table below sets forth the collection rates for tax increment derived from property in the Project Area and paid to the Agency in the year levied.

**TABLE 4**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**Consolidated Redevelopment Project**  
**Tax Collections**

Fiscal Year	Original Levy <sup>(1)</sup>	Supplemental / Adjustments	Remitted to Agency <sup>(2)</sup>	Percentage Collected <sup>(3)</sup>
2002-03	\$ 7,520,207	\$ 210,208	\$ 7,678,285	99.3%
2003-04	9,368,348	1,456,168	10,450,863	96.0
2004-05	13,116,712	2,166,144	15,176,961	99.2
2005-06	16,503,838	1,794,908	18,917,088	103.7
2006-07	20,205,254	4,455,575	24,133,946	97.4

(1) Based on the August 20 equalized roll.

(2) Includes supplemental assessments, collection of prior years' delinquent taxes, penalties, current year delinquencies, refunds, and impounds, but excludes County administrative charges and allocated interest.

(3) Based on data provided by the County, these percentages represent the payment of taxes in the year actually levied.

Source: Orange County Auditor-Controller; Harrell & Company Advisors, LLC.

## Appeals of Assessed Values

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Appeals may also be filed under Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

As of January 2008, there are 39 appeals pending within the Project Area, of which 29 relate to property values assessed on the 2007-08 tax roll. The remaining 10 pending appeals relate to prior years' tax rolls.

The 2007-08 tax roll value under appeal is \$74,395,890. One of the appeals was filed by Lennar Homes of California ("Lennar"), one of the largest taxpayers in the Project Area. The property value under appeal by Lennar is \$36,720,000. There are no other appeals currently pending with respect to any of the other ten largest taxpayers in the Project Area.

In the last five years, 32% of properties for which appeals were filed were successful in obtaining a reduction in value and that reduction has averaged approximately 12% of the original assessment. However, for 2006-07, the average reduction granted was 37%, because US Union Tool was granted a 45% reduction in their \$17 million assessed value. This reduction was primarily related to unsecured

personal property values. Excluding the US Union Tool appeal, the average reduction for successful appeals was 17%.

### **Tax Sharing Statutes**

The enactment of AB 1290, effective in 1994, amended the Redevelopment Law to establish a statutory formula for the distribution of future tax increments to other taxing agencies who collect taxes from the Project Area ("Statutory Tax Sharing"), to the extent no Tax Sharing Agreement was entered into between the Agency and such taxing agency prior to January 1, 1994. Statutory Tax Sharing applies to, among other things, a redevelopment project area for which a redevelopment plan is adopted on or after January 1, 1994 (i.e., the Project IV Constituent Project); a redevelopment plan adopted prior to January 1, 1994 that was amended subsequent to that date to increase the limitation on the number of dollars to be allocated to the redevelopment agency (i.e., the CBD Constituent Project); or a redevelopment plan adopted prior to January 1, 1994 that was amended subsequent to that date to increase or eliminate the time limit on establishing loans, advances, and indebtedness (i.e., the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project). The effect of the application of the Statutory Tax Sharing statutes is that all Constituent Projects within the Project Area are subject to Statutory Tax Sharing with taxing agencies for which no Tax Sharing Agreement was entered into prior January 1, 1994.

With respect to a redevelopment project area for which a redevelopment plan is adopted on or after January 1, 1994 (i.e., the Project IV Constituent Project), Statutory Tax Sharing requires a redevelopment agency to pay to affected taxing agencies aggregate amounts from tax increment (which are allocated to such agencies in proportion to the percentage share of property taxes of each affected taxing agency) as follows:

- (a) commencing with the first fiscal year in which the agency receives tax increments from the redevelopment project area and continuing through the last fiscal year in which the agency receives tax increments from the redevelopment project area, an amount equal to 25% of tax increment revenues received by the agency from the redevelopment project area after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;
- (b) in addition to amounts payable as described in (a) above and after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted, commencing in the 11th fiscal year in which the agency receives tax increments from the redevelopment project area and continuing through the last fiscal year in which the agency receives tax increments from the redevelopment project area, an amount equal to 21% of tax increment revenues received by the agency from the redevelopment project area, calculated by applying the tax rate against the amount of assessed value by which the current fiscal year assessed value exceeds the assessed value of the redevelopment project area in the 10th fiscal year in which the agency receives tax increments from such redevelopment project area; and
- (c) in addition to amounts payable as described in (a) and (b) above and after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted, commencing in the 31st fiscal year in which the agency receives tax increments from the redevelopment project area and continuing through the last fiscal year in which the agency receives tax increments from the redevelopment project area, an amount equal to 14% of tax increment revenues received by the agency from the redevelopment project area, calculated by applying the tax rate against the amount of assessed value by which the current fiscal year assessed value exceeds the assessed value of the redevelopment project area in the 30th fiscal year in which the agency receives tax increments from such redevelopment project area.



The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

With respect to a redevelopment project area adopted prior to January 1, 1994 for which Statutory Tax Sharing is implemented as a result of an amendment subsequent to that date to increase the limitation on the number of dollars to be allocated to the redevelopment agency (i.e., the CBD Constituent Project) or for which Statutory Tax Sharing is implemented as a result of an amendment subsequent to that date to increase or eliminate the time limit on establishing loans, advances, and indebtedness (i.e., the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project), Statutory Tax Sharing requires a redevelopment agency to pay to affected taxing agencies aggregate amounts from tax increment (which are allocated to such agencies in proportion to the percentage share of property taxes of each affected taxing agency) in accordance with paragraphs (a), (b), (c) above; provided, for the purposes of such calculations, (i) the “first fiscal year” shall be the first fiscal year following the fiscal year in which the limitation being amended would have taken effect without the amendment or, if more than one limitation is being amended, the first year in which one or more of the limitations would have taken effect without the amendment (the “Adjusted Base Year”), and (ii) the amounts calculated shall be calculated against the amount of assessed value by which the current year assessed value exceeds the Adjusted Base Year assessed value.

With respect to the CBD Constituent Project and the Project II Constituent Project, the Adjusted Base Year is Fiscal Year 2003-04, and Statutory Tax Sharing payments with respect to such Constituent Projects commenced in Fiscal Year 2004-05 to certain affected taxing agencies pursuant to Section 33607.7, except for the City. With respect to the Project III Constituent Project, the Adjusted Base Year is Fiscal Year 2009-10, and Statutory Tax Sharing payments with respect to such Constituent Project will commence in Fiscal Year 2010-11 to certain affected taxing agencies pursuant to Section 33607.7, except for the City.

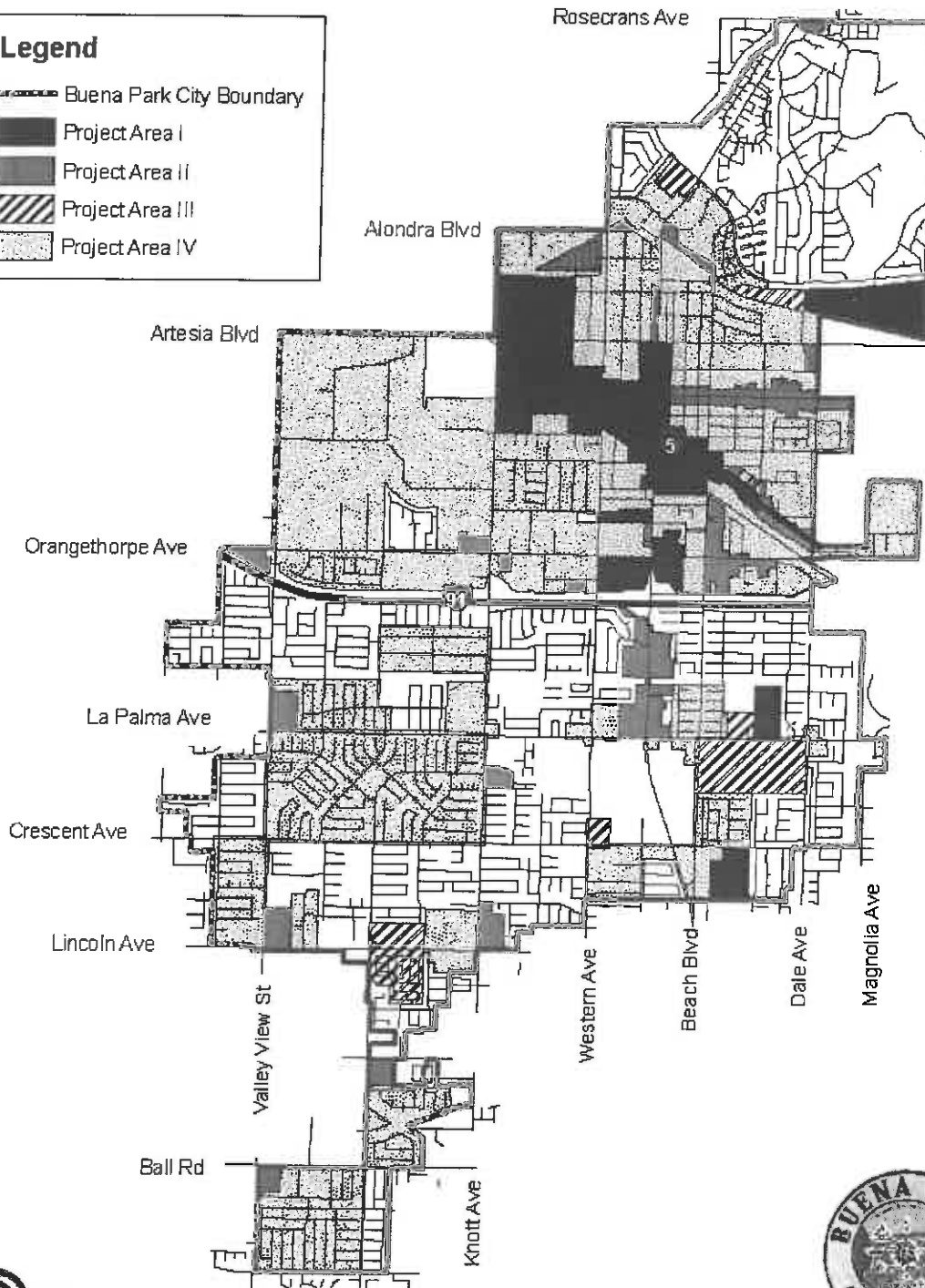
Under the Redevelopment Law, the Agency may subordinate the amount required to be paid to an affected taxing agency to indebtedness subsequently incurred by the Agency after receiving the consent of the affected taxing agency. The City has not consented to subordination of amounts otherwise due to the City pursuant to Statutory Tax Sharing to the Agency’s debt service payments for the Bonds, nor have any other affected taxing agencies been asked for consent to the subordination of their tax increment payments to the Bonds. Therefore, the projections of Tax Revenues under the caption “ – Projected Taxable Value, Tax Revenues, and Debt Service Coverage” and in “APPENDIX G – FINANCIAL ADVISOR’S PROJECTED TAX REVENUES REPORT” are reduced by the estimated amounts of such payments to affected taxing agencies.

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# Redevelopment Plan Map

**Legend**

- Buena Park City Boundary
- Project Area I
- Project Area II
- ▨ Project Area III
- ▩ Project Area IV



## The Redevelopment Project

As discussed above, the Project Area encompasses approximately 3,940 acres, almost 60% of the 10.3 square miles constituting the City. The four Constituent Projects of the Project Area are the CBD Constituent Project, the Project II Constituent Project, the Project III Constituent Project, and the Project IV Constituent Project. The Constituent Projects were merged pursuant to the City Council's adoption of Ordinance No. 1422 on May 7, 2002 to form the Project Area and to improve administrative and financial flexibility.

The purposes of the Redevelopment Plan are to provide a mechanism for improving the quality of residential and non-residential neighborhoods within the City and to eliminate or alleviate those physical and economic conditions causing blight as defined under the Redevelopment Law. Objectives of the Redevelopment Plan include cooperation and participation of residents, business persons, public agencies and community organizations in the revitalization of the area; encouragement of modern, integrated, and diverse development with high concern for architectural, landscape, and urban design character; acquisition and assembly of land into reasonably sized and shaped parcels to remove impediments to development; improvement of pedestrian and vehicular circulation coordinated with land uses and densities, including installation, construction, reconstruction, redesign, or reuse of streets, utilities, curbs, gutters, and sidewalks; expansion and improvement of public transportation services; encouragement of investment by the private sector in redevelopment of the area; expansion, renovation, and relocation of existing commercial structures to enhance economic viability; expansion and development of commercial activity, including but not limited to auto dealerships and a specialty commercial and office professional center; expanded open spaces for recreational uses and the preservation of views, natural character, and topography; increased public service facilities and utilities, including but not limited to libraries, senior citizen centers, youth centers, cultural centers, parks and recreation facilities, and a center for public activities; construction of a new police facility on currently vacant property; encouragement of non-sensitive uses in areas of high noise exposure and development of safeguards against noise and pollution; and growth and improvement of the City's supply of very low, low, and moderate income residential uses.

In addition, the Redevelopment Plan identifies specific goals for the CBD Constituent Project: preservation and enhancement of the varied and distinctive character of the City's central business district ("CBD"), as well as the promotion of the CBD as a cultural center; promotion of the economic well being of the CBD by diversification of its commercial base and employment opportunities; retention and rehabilitation of small businesses throughout the CBD, especially along portions of Beach Boulevard, encouraged by redevelopment assistance by the Agency; development of off-street parking with access to Beach Boulevard; examining problems associated with street parking on Beach Boulevard and implementing strategies for their correction; and provision of a up-to-date and modern Police-Safety Facility within the CBD which is centrally located to the entire Consolidated Project Area.

*The Central Business District (CBD) Constituent Project.* The CBD Constituent Project was created in 1979, consisting of a 208 acre commercial corridor bordering the Interstate 5 Freeway. This freeway is a major north-south transportation corridor connecting southern California with the central valley. The redevelopment project was amended in 1981 to add approximately 300 acres of underdeveloped or underutilized commercial and industrial properties throughout the City.

The Buena Park Auto Center has been developed along Interstate 5, and spans both the CBD Constituent Project and Project II Constituent Project. Dealerships located in the Auto Center include Carmax, Honda, Toyota, House of Imports, Mercedes, Acura, Buick/Pontiac/GMC, Nissan, Ford and BMW. The Agency assisted Power Toyota, Buena Park Honda, Ken Grody Ford, Simpson Buick/Pontiac/GMC and Carmax in assembling the sites for their facilities. The most recent activities in

the Auto Center include the 13-acre Carmax opening in 2004, the Shelley BMW showroom expansion, parking structure and new repair facility completed in May 2007, and the grand opening of a new Acura dealership in January 2008. House of Imports is currently obtaining permits to construct a new parking structure on a portion of their existing site, with completion estimated in 2010.

The Agency owns or anticipates it will acquire an additional 8.5 acres along Auto Center Drive to assist in locating additional dealerships to the center. Many of the properties are owned by CalTrans, which is currently using the properties as a staging area for construction equipment relating to the widening of Interstate 5.

Buena Park Place, a retail center including Kohl's, Circuit City, Michael's, Office Depot and a variety of restaurant chains, spans both the CBD Constituent Project and the Project III Constituent Project. It is located directly across the street from the Buena Park Mall. The center contains over 275,000 square feet of leasable space on 21 acres.

Target Stores purchased the former Sequoia Conference Center, a 15.4 acre property on Orangethorpe Ave. Target's new building opened in 2005, and construction of an additional 50,000 square feet of retail space at the new shopping center was completed in 2007.

Larger industrial uses in the CBD Constituent Project include Village Park, owned by LBA Realty Fund Holding Co. Village Park is a 27 acre industrial park with 7 buildings totaling over 325,000 square feet. Tenants include ADP, Copper Lighting, Fastech, Cygnus Sportswear, RealMex Foods, BidBuy and Hockiki. This industrial park was built in 1981. Another large industrial development is owned by Oltmans/SC Investment, which was built in 1982 and includes over 545,000 square feet of warehouse/manufacturing space on 25.6 acres. The City's overall vacancy rates in the fourth quarter of 2007 for warehouse and industrial property was 2.32%.

Until 2005, a Nabisco factory was also located in the CBD Constituent Project. The facility was closed and subsequently sold to a developer. The City has completed the environmental impact report and zone changes required to develop the site. The project, 24 acres of retail with big box uses as well as in-line shops, is expected to be completed in 2010. The site is located directly across from an off-ramp of the Interstate 5 freeway.

Future retail development in the CBD Constituent Project is expected to occur on 12.5 acres of land at the corner of Beach Boulevard and Orangethorpe Avenue. Previously, multiple ownership and existing development (gas station, car wash, motel, house and office building situated on the corner of the site) had prevented development from occurring on this important entry into the City. The developer, M&D Properties, currently owns 7 vacant acres, the adjacent office building, and the residential unit. The Agency recently acquired the motel and is preparing to assist with assembling additional parcels if necessary. The developer is proposing a 300-room hotel, 350,000 square feet of retail space, and 1,000 residential units and /or office space be developed on the site. The developer is in the process of completing the environmental impact report for the site.

Residential development in the CBD Constituent Project includes Lakeside, a gated community of approximately 350 detached and attached homes around a 7-acre man made lake. Townhomes are currently selling at \$450,000, detached homes starting at \$600,000, and lakeside homes continue to be offered at over \$1 million. The neighborhood was built between 1998 and 2000 and is nearby to the newly opened Metrolink Station. The Metrolink Station opened in September 2007 and provides parking for approximately 300 cars. The station is designed to replicate the architecture of Independence Hall.

*The Project II Constituent Project.* The Project II Constituent Project was created in 1984. The 311 acre redevelopment project includes a portion of the City's Entertainment Corridor (referred to as the E-Zone), as well as other neighborhood commercial areas throughout the City.

The E-Zone is approximately one mile in length, extending from Knott's Berry Farm, a major southern California amusement park, to the 91 Freeway. Knott's Berry Farm is not located within the Project II Constituent Project, but most to the surrounding E-Zone businesses are. These include Medieval Times and Pirates Dinner Adventure dinner theaters, Holiday Inn, Radisson Hotel, Courtyard by Marriott and a variety of other motor inns, restaurants and retail establishments. The former Movieland Wax Museum was acquired by the Agency in 2007 and the 8.7-acre site is expected to be redeveloped with hotel, retail or additional attractions. In the last few years, the Agency has spent significant resources on acquiring older motels in the E-Zone, and expects to redevelop those sites with compatible E-Zone uses as well.

*The Project III Constituent Project.* The Project III Constituent Project was established in 1990. It consists of 200 acres of commercial and residential uses in five non-contiguous areas throughout the City.

The largest development in the Project III Constituent Project is "Buena Park Downtown," a 1.1 million square foot retail complex comprised of the Buena Park Mall, Park Central Entertainment Center and Buena Park Place. The Buena Park Mall was originally built in the 1950's and has undergone several remodels. The most recent renovation was completed in 2003. The Buena Park Mall contains over 782,000 square feet of retail space, including 149,000 square feet of space owned by Sears. Larger tenants include Wal-Mart, Ross Dress for Less, Bed Bath & Beyond, 24 Hour Fitness, and DSW Shoe Warehouse. John's Incredible Pizza is expected to open a 55,200 square foot restaurant and entertainment center. Adjacent to the mall, the developer also created the Park Central Entertainment Center, a 137,000 square foot open-air entertainment center anchored by an 18-screen Krikorian Metroplex Theatres and featuring a variety of restaurants and in-line retail shops. Buena Park Place is located across the street from the mall and described above under CBD Constituent Project developments.

There are two large shopping centers near the intersection of Beach Boulevard and Malvern Avenue near the northern edge of the City. One of these centers, owned by HK Fullerton, is located in the Project III Constituent Project and the center opposite is located in the Project IV Constituent Project. The HK Fullerton center is anchored by SuperMart, and includes a large galleria style shopping area. The center is located on 12 acres and contains over 112,000 square feet of retail space.

The Agency partnered with Cal State Fullerton University to develop 86 single-family homes in the Project III Constituent Project. The homes were developed to assist with housing for professors and staff of the University. The development is also nearby the new Metrolink station.

Lennar Homes of California owns approximately 18 acres of vacant land along Lincoln Avenue between Valley View and Knott Avenues. The developer has development approval to build 122 single family homes on the site. Grading has commenced and the developer expects to build a gated neighborhood, with houses ranging from 2,050 square feet to 2,922 square feet.

*The Project IV Constituent Project.* The Project IV Constituent Project was created in 2002, with over 2,900 acres of mixed uses. The area contains several commercial properties and the primary industrial section of the City. The area also includes a majority of the residential property north of the 91 Freeway, encompassing approximately 10,000 residential units mostly built between 1960 and 1980.

The largest industrial uses, which include manufacturing and distribution facilities, are operated or owned by PRI Buena Park Industrial California, Alticor, and JC Penney.

PRI Buena Park Industrial California owns the Commerce Centre at Buena Park. This property was formerly a major distribution facility for the Lucky/Albertson's food stores. When the supermarket closed the facility in 2001, the Agency assisted the developer in fast-tracking the permit process for development of the property and creating a plan for reuse. It contains over 1,200,000 square feet of warehouse and manufacturing space on 61 acres. Tenants include Legacy Farms, Dr. Fresh, Inc., Parts Plus, Filbur Manufacturing, and Service Craft Logistics.

Alticor, parent company of Amway and Nutrilite, owns 135,000 square feet of manufacturing, distribution and office space. The facilities span both the Project IV Constituent Project and the Project II Constituent Project, with the main office space located in the Project IV Constituent Project. The facilities were constructed in stages, with another expansion of approximately 16,000 square feet (in the Project II Constituent Project) added in December 2007.

JC Penney has a large distribution center located in the Project IV Constituent Project. The facility is over 1 million square feet, located on approximately 42 acres. JC Penney also owns an adjacent 5 story office building, the site of their former corporate offices. The office building is currently leased to multiple tenants.

Many industrial properties have undergone ownership and use changes over the past several years. The Agency has been successful in assisting with such reuse. A facility formerly operated by Ultrawheel now houses facilities for Beacon Moving Solutions, and a former Mead Paper company facility is now providing manufacturing space for Corru-Kraft and Sunclipse North America. A Seven-Up bottling facility is also located in the Project IV Constituent Project.

Commercial development in the Project IV Constituent Project includes a recently renovated former K-Mart shopping center. When K-Mart closed its store in 2003, the Agency assisted the new owner with the entitlement process and the redeveloped center now contains Marshalls, Joann Fabrics & Crafts and dd's Discounts (an outlet of Ross Dress for Less).

Recent housing development in the Project IV Constituent Project was built by Olson Housing. Olson Housing recently developed Founders Walk in the, a 100 unit residential development near the new Metrolink station. The development consists of 2- and 3-story townhomes. The final phase is being marketed. Most homes have been sold to individuals. Adjacent to Founders Walk is another housing development to be built by Taylor Woodrow. Development of 98 homes has been approved, and construction has begun on 30 units.

Assessed value by land use for Fiscal Year 2007-08 in the Project Area is shown by Constituent Project in the following table.

**TABLE 5**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**Assessed Value by Land Use Category, by Constituent Project**  
**Fiscal Year 2007-08**

	CBD					Combined
	CBD	Amendment Areas A-F, H-K	Project II	Project III	Project IV	
Residential	26%	53%	22%	34%	59%	52%
Commercial	56	32	52	42	9	20
Industrial	2	9	3	0	17	13
Vacant	2	0	2	0	1	1
Other	3	1	10	12	6	6
Total Secured	89%	95%	89%	88%	92%	92%
Unsecured	11	5	11	12	8	8
Total:	100%	100%	100%	100%	100%	100%

Source: Harrell & Company Advisors, LLC

The top 10 taxpayers in the Project Area are as follows:

**TABLE 6**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**Ten Largest Property Tax Payers<sup>(1)</sup>**  
**Fiscal Year 2007-08**

<u>Property Owner</u>	<u>Constituent Project</u>	<u>Assessed Value</u>	<u>% of Total<sup>(2)</sup></u>	<u>Use</u>
PRI Buena Park Ind. CA LLC	Project IV	\$121,800,000	2.7%	Industrial
Coventry II DDR Buena Park LLC	Project III / CBD Amendment	100,023,960	2.2	Commercial/Mall
Lennar Homes CA Inc.	Project III	36,720,000	0.8	Vacant Residential
Olson 737 Buena Park 3 LLC	Project IV	35,886,921	0.8	Residential
LBA Realty Fund Holding Co. II LLC	CBD Amendment	34,949,846	0.8	Industrial
Alticor Inc.	Project IV	30,660,573	0.7	Industrial/Office
J C Penney Properties Inc.	Project IV	28,417,444	0.6	Warehouse
Oltmans/SC Investments	CBD Amendment	26,531,107	0.6	Warehouse
Amway Corporation	Project IV	26,500,342	0.6	Industrial/Office
HK Fullerton LLC	Project III	25,646,068	0.6	Commercial
Totals		\$467,136,261	10.4%	

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on 2007-08 Local Secured Assessed and Unsecured Valuation for the entire Project Area: \$4,523,261,179.

Source: Community Redevelopment Agency for the City of Buena Park; Harrell & Company Advisors, LLC

### **Historical Assessed Values and Incremental Values**

The following tables on the following pages show historical assessed values and increment revenues of the taxable property within the Constituent Projects over the past 5 years. See also "APPENDIX G— FINANCIAL ADVISOR'S PROJECTED TAX REVENUES REPORT" herein.

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**TABLE 7**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**CBD CONSTITUENT PROJECT, ORIGINAL AREA - HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 103,389,842	\$ 118,482,294	\$ 127,867,020	\$ 146,273,054	\$ 152,448,483
Unsecured <sup>(1)</sup>	17,088,710	20,262,404	20,700,006	26,856,683	18,551,087
Total	\$ 120,478,552	\$ 138,744,698	\$ 148,567,026	\$ 173,129,737	\$ 170,999,570
Less: Base year <sup>(2)</sup>	(18,194,156)	(18,111,356)	(18,083,556)	(17,573,596)	(17,451,956)
Incremental Increase	\$ 102,284,396	\$ 120,633,342	\$ 130,483,470	\$ 155,556,141	\$ 153,547,614
Change in secured AV:		14.6%	7.9%	14.4%	4.2%
Change in total AV:		15.2%	7.1%	16.5%	(1.2%)

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.  
 Source: *Orange County Auditor-Controller; Harrell & Company Advisors, LLC*

**TABLE 8**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**CBD CONSTITUENT PROJECT, AMENDMENT AREAS A-F, H-K - HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 409,870,913	\$ 426,507,411	\$ 428,889,078	\$ 466,231,609	\$ 498,951,838
Unsecured <sup>(1)</sup>	26,301,121	20,306,216	20,393,815	24,926,436	26,560,195
Total	\$ 436,172,034	\$ 446,813,627	\$ 449,282,893	\$ 491,158,045	\$ 525,512,033
Less: Base year <sup>(2)</sup>	(64,411,942)	(64,411,942)	(64,411,942)	(64,411,942)	(64,339,433)
Incremental Increase	\$ 371,760,092	\$ 382,401,685	\$ 384,870,951	\$ 426,746,103	\$ 461,172,600
Change in secured AV:		4.1%	0.6%	8.7%	7.0%
Change in total AV:		2.4%	0.6%	9.3%	7.0%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.  
 Source: *Orange County Auditor-Controller; Harrell & Company Advisors, LLC*

**TABLE 9  
CONSOLIDATED REDEVELOPMENT PROJECT  
PROJECT II CONSTITUENT PROJECT – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 285,044,385	\$ 298,730,685	\$ 328,612,075	\$ 344,701,522	\$ 368,749,522
Unsecured <sup>(1)</sup>	36,177,062	38,016,806	38,943,001	45,500,207	46,003,180
Total	\$ 321,221,447	\$ 336,747,491	\$ 367,555,076	\$ 390,201,729	\$ 414,752,702
Less: Base year <sup>(2)</sup>	(101,098,224)	(101,073,568)	(101,073,568)	(100,589,532)	(100,551,145)
Incremental Increase	\$ 220,123,223	\$ 235,673,923	\$ 266,481,508	\$ 289,612,197	\$ 314,201,557
Change in secured AV:		4.8%	10.0%	4.9%	7.0%
Change in total AV:		4.8%	9.1%	6.2%	6.3%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.  
Source: *Orange County Auditor-Controller; Harrell & Company Advisors, LLC*

**TABLE 10  
CONSOLIDATED REDEVELOPMENT PROJECT  
PROJECT III CONSTITUENT PROJECT – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 184,301,736	\$ 220,431,384	\$ 247,452,674	\$ 273,951,598	\$ 305,089,741
Unsecured <sup>(1)</sup>	9,689,176	17,824,854	21,383,234	21,849,579	43,194,505
Total	\$ 193,990,912	\$ 238,256,238	\$ 268,835,908	\$ 295,801,177	\$ 348,284,246
Less: Base year <sup>(2)</sup>	(89,141,251)	(89,141,251)	(89,141,251)	(89,141,251)	(89,141,251)
Incremental Increase	\$ 104,849,661	\$ 149,114,987	\$ 179,694,657	\$ 206,659,926	\$ 259,142,995
Change in secured AV:		19.6%	12.3%	10.7%	11.4%
Change in total AV:		22.8%	12.8%	10.0%	24.9%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.  
Source: *Orange County Auditor-Controller; Harrell & Company Advisors, LLC*

**TABLE 11**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**PROJECT IV CONSTITUENT PROJECT – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 1,837,172,350	\$ 2,017,579,288	\$ 2,331,579,697	\$ 2,546,754,084	\$ 2,847,706,666
Unsecured <sup>(1)</sup>	26,620,550	249,127,639	202,668,927	239,665,976	216,005,962
Total	\$ 1,863,792,900	\$ 2,266,706,927	\$ 2,534,248,624	\$ 2,786,420,060	\$ 3,063,712,628
Less: Base year <sup>(2)</sup>	(1,857,250,132)	(1,857,031,282)	(1,857,182,321)	(1,857,182,321)	(1,857,182,321)
Incremental Increase	\$ 6,542,768	\$ 409,675,645	\$ 677,066,303	\$ 929,237,739	\$ 1,206,530,307
Change in secured AV:		9.8%	15.6%	9.2%	11.8%
Change in total AV:		21.6%	11.8%	10.0%	10.0%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.  
Source: *Orange County Auditor-Controller; Harrell & Company Advisors, LLC*

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## **Current Debt Structure**

Other than the Bonds, the 2008B Bonds (when and if issued), the 2003 Bonds, and the 2000 Bonds, the Agency has the following long-term obligations payable from Tax Revenues of the Redevelopment Project:

CarMax Promissory Note. Pursuant to a promissory note dated September 3, 2003, by and between the Agency and CarMax Auto Superstores West Coast, Inc. ("CarMax"), in the principal amount of \$4,318,718.00, bearing interest at 8% per annum, compounded annually (the "CarMax Promissory Note"), the Agency has agreed to pay to CarMax, within 120 days after the conclusion of each calendar quarter, payments of sales tax received and retainable by the City (or within 45 days after receipt of other revenues which replace or backfill such sales tax) in amounts equal to at least 40% of the amount of sales tax revenues received by the City which were generated due to point of sales transactions on the CarMax site within the CBD Constituent Project during the immediately preceding calendar quarter. The Agency's obligation to repay the indebtedness evidenced by the CarMax Promissory Note, and the note itself, expire by its terms on the tenth anniversary of the issuance of the Certificate of Occupancy at the CarMax site, regardless of whether or not the outstanding balance has been repaid.

Pursuant to the Disposition and Development Agreement between the Agency and CarMax, as amended, the Agency pledges to CarMax all unencumbered tax increment available to the Agency as of May 12, 1998 as security for the anticipated CarMax Promissory Note, although the CarMax Promissory Note itself was not issued until September 3, 2003. As further security for the CarMax Promissory Note, the Agency agrees therein that it will not voluntarily relinquish to the State or any other entity any portion of the tax increment generated from CarMax's use and improvement of the CarMax site and that no indebtedness incurred by the Agency subsequent to the CarMax Promissory Note, i.e., the Bonds, will have greater priority than the indebtedness evidenced by the CarMax Promissory Note. Accordingly, Tax Revenues exclude, with respect to the payment of Debt Service on the Bonds and, when and if issued, the 2008B Bonds, amounts payable by the Agency pursuant to the CarMax Promissory Note. See "SECURITY FOR THE BONDS – Tax Revenues."

As of June 30, 2007, the outstanding principal amount on the CarMax Promissory Note was \$5,326,669. To date, the Agency has made all quarterly payments on the CarMax promissory note from Agency funds remaining after the payment of Debt Service on the 2000 Bonds and the 2003 Bonds. The Agency expects that Tax Revenues remaining after making scheduled debt service payments on the Bonds, the 2008B Bonds (when and if issued), the 2003 Bonds, and the 2000 Bonds will be sufficient to make payments on the CarMax Promissory Note.

Certain Subordinate Obligations. Additionally, the Agency has entered into a number of additional Disposition and Development Agreements, Participation Agreements, and Owner Participation Agreements to assist various commercial developers (retailers) within the Project Area, by which the Agency has agreed to make payments to such developers on periodic bases. Such payments under these additional agreements are payable from Agency funds but unsecured (i.e., without any pledge of tax increment or any other Agency funds). Therefore, the Agency's obligations under such agreements are subordinate to its obligations to make payments on the Bonds, the 2008B Bonds (when and if issued), the 2003 Bonds, and the 2000 Bonds.

## **Projected Taxable Value, Tax Revenues, and Debt Service Coverage**

The Agency has retained the Financial Advisor to provide projections of taxable valuation and Tax Revenues from developments in the Project Area. See "APPENDIX G – FINANCIAL ADVISOR'S PROJECT TAX REVENUES REPORT." The Agency believes the assumptions upon which the

projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. Investors should read the complete Projected Tax Revenues Report found in APPENDIX G to this Official Statement. The following tables show the projected taxable valuation and Tax Revenues, together with the estimated debt service coverage of the Bonds, using Fiscal Years 2007-08 through 2034-35 projected Tax Revenues.

**TABLE 12**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**Projected Tax Revenues and Debt Service Coverage**

Fiscal Year	Projected Tax Revenues, including amounts payable to CarMax <sup>(1)</sup>	CarMax Promissory Note	Pledged Tax Revenues	Debt Service			Total Debt Service	Debt Service Coverage
				Parity Bonds Debt Service <sup>(2)</sup>	2008 Series A Debt Service	2008 Series B Debt Service <sup>(3)</sup>		
2007-08	\$14,882,950	(\$250,000)	\$14,632,950	\$2,375,000	\$1,303,881	\$ 823,000	\$4,501,881	3.25
2008-09	15,351,000	(255,000)	15,096,000	2,375,000	2,782,270	2,692,000	7,849,270	1.92
2009-10	15,829,450	(260,100)	15,569,350	2,375,000	2,779,270	2,676,000	7,830,270	1.99
2010-11	16,323,600	(265,302)	16,058,298	2,375,000	2,776,020	2,654,000	7,805,020	2.06
2011-12	16,828,750	(270,608)	16,558,142	2,375,000	2,887,520	2,130,000	7,392,520	2.24
2012-13	17,241,850	(276,020)	16,965,830	2,375,000	2,899,458	2,125,000	7,399,458	2.29
2013-14	17,659,900	(281,541)	17,378,359	2,375,000	2,910,293	2,134,000	7,419,293	2.34
2014-15	18,054,050	--	18,054,050	1,667,000	3,145,093	3,418,000	8,230,093	2.19
2015-16	18,458,150	--	18,458,150	1,667,000	3,164,093	3,420,000	8,251,093	2.24
2016-17	18,866,850	--	18,866,850	1,667,000	3,175,873	3,421,000	8,263,873	2.28
2017-18	19,285,100	--	19,285,100	1,667,000	3,200,573	3,416,000	8,283,573	2.33
2018-19	19,713,300	--	19,713,300	1,667,000	3,227,448	3,419,000	8,313,448	2.37
2019-20	20,147,200	--	20,147,200	1,667,000	3,265,488	3,419,000	8,351,488	2.41
2020-21	20,593,750	--	20,593,750	1,667,000	3,279,863	3,414,000	8,360,863	2.46
2021-22	21,044,300	--	21,044,300	1,667,000	3,316,463	3,414,000	8,397,463	2.51
2022-23	21,506,950	--	21,506,950	1,667,000	3,287,713	3,410,000	8,364,713	2.57
2023-24	21,976,950	--	21,976,950	1,667,000	4,100,988	--	5,767,988	3.81
2024-25	22,459,050	--	22,459,050	--	5,374,113	--	5,374,113	4.18
2025-26	22,951,000	--	22,951,000	--	5,375,575	--	5,375,575	4.27
2026-27	23,447,450	--	23,447,450	--	5,375,175	--	5,375,175	4.36
2027-28	23,959,100	--	23,959,100	--	5,374,875	--	5,374,875	4.46
2028-29 <sup>(4)</sup>	24,481,350	--	24,481,350	--	5,379,125	--	5,379,125	4.55
2029-30	18,751,850	--	18,751,850	--	5,017,281	--	5,017,281	3.74
2030-31	19,206,550	--	19,206,550	--	5,013,594	--	5,013,594	3.83
2031-32	19,673,300	--	19,673,300	--	5,018,375	--	5,018,375	3.92
2032-33	20,043,200	--	20,043,200	--	4,215,500	--	4,215,500	4.75
2033-34 <sup>(5)</sup>	20,289,400	--	20,289,400	--	4,214,688	--	4,214,688	4.81
2034-35	17,538,800	--	17,538,800	--	3,554,063	--	3,554,063	4.93

\*Preliminary, subject to change.

- (1) See “APPENDIX G – FINANCIAL ADVISOR’S PROJECTED TAX REVENUES REPORT – Projected Tax Revenues” for a description of the assumptions used by the Financial Advisor in calculating the Projected Tax Revenues including, but not limited to, the assumption that the 2007-08 secured roll would increase 2% annually for inflation in future years.
  - (2) Debt service on the 2000 Bonds and the 2003 Bonds; net of \$82,160 Housing Set Aside contribution to debt service.
  - (3) If and when issued. The Agency expects to issue the 2008B Bonds in the approximate amount of \$28,000,000 in March 2008. See “INTRODUCTION – Legal Authority” herein.
  - (4) The Agency expects, based on the projections contained in APPENDIX G, to reach its Maximum Tax Increment Limit amount of \$250,000,000 with respect to the CBD Constituent Project in 2029. See “RISK FACTORS – Time Limits on Receiving Tax Increment Revenues.”
  - (5) The Agency expects, based on the projections contained in APPENDIX G, to reach its Maximum Tax Increment Limit amount of \$150,000,000 with respect to the Project II Constituent Project in 2034. See “RISK FACTORS – Time Limits on Receiving Tax Increment Revenues.”
- Source: Harrell & Company Advisors, LL; See “APPENDIX G – FINANCIAL ADVISOR’S PROJECT TAX REVENUES REPORT.”

## **RISK FACTORS**

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

To estimate the Tax Revenues available to pay principal and interest on the Bonds, the Agency has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Tax Revenues available to pay principal and interest on the Bonds will, in all likelihood, be less than those projected.

### **Reduction in Taxable Value**

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Agency's control, such as a relocation out of a Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within a Project Area by a person displaced by eminent domain or similar proceedings, the discovery of hazardous substances on a property within a Project Area (see "Hazardous Substances" below), or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Seismic Factors" below), flood (see "Risk of Floods" below) or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Such a reduction of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds. See "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Appeals of Assessed Values."

### **Time Limits on Receiving Tax Increment Revenues**

Under current limitations contained in the Redevelopment Plan with respect to certain of the Constituent Projects, the right to receive tax increment revenue and to pay debt service with such tax increment revenue will terminate prior to the final maturity date of the Bonds. The final maturity date of the Bonds is September 1, 2035. However the right to receive tax increment revenue terminates with respect to the CBD Constituent Project Original Area on December 3, 2032 and with respect to the CBD Constituent Project, Amendment Areas A-F and H-K on November 16, 2034. See "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA - Table 3". The Agency expects that the limitation on the maximum amount of tax increment that the Agency can receive from the CBD Constituent Project will be reached in 2029, based on the growth assumptions described in "APPENDIX G – FINANCIAL ADVISOR'S PROJECTED TAX REVENUES REPORT." Further, the Agency expects that that the limitation on the maximum amount of tax increment that the Agency can receive from the Project II Constituent Project will be reached in 2034. See APPENDIX G. Upon the respective termination dates or the date on which the limit on maximum tax increment collection is reached, debt service on the Bonds will become payable solely from tax increment revenues allocated to the remaining Constituent Projects. Applying information currently available, the Agency has structured debt service so that the remaining tax increment revenues will be sufficient to pay the remaining debt service on the Bonds. However, the respective termination dates will result in a smaller number of properties generating

Tax Revenues as the termination dates are reached for various Constituent Projects. Because the Bonds are payable solely from Tax Revenues, the credit quality of the Bonds at any one time depends upon the credit quality of the remaining Constituent Projects that generate Tax Revenues. In addition, unanticipated adverse events affecting the remaining Constituent Projects could impair the Agency's ability to pay, when due, the remaining debt service on the Bonds.

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2 percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation six times: for 1981/82, 1.0%; for 1994/95, 1.0119%; for 1995/96, 1.19%; for 1996/97, 1.11%; for 1998/99, 1.853%; and for 2004/05, 1.867%. The Agency is unable to predict if any adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

### **Levy and Collection**

The Agency does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments.

### **Unconventional Mortgage Structures**

From 2002 through the first half of 2006, the Southern California housing market experienced significant price appreciation with accelerating demand. One factor contributing to the recent housing boom in Southern California was the use of unconventional mortgage structures, such as a cross between a fixed and adjustable rate mortgage, having a low initial (or "teaser") fixed interest rate for several years that converts to an adjustable interest rate determined by an index plus a fixed margin, and interest-only mortgages, where the borrower pays only interest for a set period of time and then pays down the principal plus interest. Homeowners who financed the purchase of their homes with such mortgages can expect their monthly mortgage payments to increase after the initial period. As the initial low-interest or interest-only periods related to such unconventional mortgages have expired, some homeowners have not been able to maintain payments on their existing loans or to obtain refinancing loans for their homes. Foreclosure proceedings in Southern California have also increased dramatically in 2006 and 2007. Recently there has been a general softening of the Southern California housing market, as evidenced by a decrease in home sale prices, increasing inventory of new homes, slowing demand, and the tightening of credit by lenders. The Agency has not undertaken to assess the financial condition of the current owners of the residential properties within the Project Area and expresses no view concerning these matters. The Agency cannot predict and expresses no view whether or how such factors may affect appeals of assessed values or delinquencies in the collection of property taxes within the Project Area.

## **Additional Obligations on Parity with the Bonds**

As described in “SECURITY FOR THE BONDS – Parity Debt,” the Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of principal and interest on the Bonds. The existence of and the potential for such obligations increases the risks associated with the Agency’s payment of debt service on the Bonds in the event of a decrease in the Agency’s collection of Tax Revenues.

## **Eminent Domain Legislation**

As discussed above under the caption, “THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Redevelopment Plan Limitations,” the Redevelopment Plan authorizes the Agency to employ the power of eminent domain to acquire real property within the Project Area which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method, and the last date on which the Agency may commence an eminent domain proceeding with respect to any remaining territories in the Project Area still subject to such eminent domain authority is July 26, 2017. The Agency may use its power of eminent domain to implement redevelopment projects to be financed with the proceeds of the Bonds.

On June 23, 2005, in *Kelo v. City of New London*, 126 S. Ct. 24 (2005), the U.S. Supreme Court held that the compensated taking of private property for the purpose of economic development satisfies the “public use” requirement of the Fifth Amendment of the U.S. Constitution. Prior to *Kelo* many governmental agencies had used the power of eminent domain for the purpose of assembling property for economic development, but the U.S. Supreme Court had never considered whether the practice was constitutional under the Fifth Amendment. As a reaction to *Kelo*, a number of bills have been introduced in the U.S. Congress and State Legislature that propose to restrict the use of eminent domain by public agencies to varying degrees. In addition, a number of voter initiatives that also propose to restrict the use of eminent domain have been filed with the State Attorney General to prepare for petition for signatures to qualify for the ballot. The Agency has previously utilized eminent domain proceedings for certain redevelopment projects for economic development and blight removal and may consider utilizing eminent domain proceedings in future projects. The Agency is not able to predict whether any of the proposed bills or initiatives, or other bills or initiatives restricting the use of eminent domain, will be passed, or if passed, whether such legislation would impact significantly the ability of the Agency to exercise its power of eminent domain or have a material adverse effect on construction of the redevelopment projects to be financed with the proceeds of the Bonds or the Agency’s redevelopment activities within the Project Area.

On September 29, 2006, SB 53 and SB 1809, two State redevelopment reform bills relating to the power of eminent domain were enacted. These bills became effective on January 1, 2007. Pursuant to SB 53, a city council that adopted a redevelopment plan prior to January 1, 2007 must adopt an ordinance on or before July 1, 2007 that contains a description of the redevelopment agency’s program to acquire real property by eminent domain. SB 53 additionally provides the plan may prohibit the agency from acquiring by eminent domain specified types of real property, including but not limited to owner-occupied residences, single-family residences, or any residential property, and the plan may also prohibit the agency from acquiring by eminent domain real property in specified locations within the project area. In compliance with SB 53, the City Council adopted the Ordinance No. 1500 on May 22, 2007, which approved and adopted an eminent domain acquisition plan for the Project Area.

Prior to the enactment of SB 1809, the Law required a statement to be recorded in the office of the county recorder as soon as practicable following the adoption of a redevelopment plan or an amendment adding territory. The recorded statement indicates that proceedings for the redevelopment of the project area have been instituted. SB 1809 imposes a new recordation requirement with respect to



redevelopment plans adopted prior to December 31, 2006 that authorize the acquisition of property by eminent domain. The agency must record a revised statement with the office of the county recorder on or before December 31, 2007 that contains certain additional information relating to the provisions of the plan authorizing and limiting the use of the power of eminent domain. SB 1809 further states an agency may not commence an eminent domain action until the above-described statement is recorded. The Agency prepared the documentation required to comply with SB 1809 and recorded the required statement on April 20, 2007 in the Official Records of the County Recorder (Document No. 2007000257354).

### **Bankruptcy Risks**

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

### **State Budget; ERAF**

As part of the State budget for fiscal year 1992-93, the State Legislature adopted SB 617, which required redevelopment agencies to transfer an aggregated \$205 million to the Educational Revenue Augmentation Fund (the "ERAF") for the benefit of school districts. Similarly, the State budget for fiscal year 1993-94 required a transfer collectively of \$2.6 billion to school districts from cities, counties and other local governments, including redevelopment agencies. As part of this transfer, the State Legislature adopted SB 1135, which required redevelopment agencies to transfer an aggregated \$65 million to the ERAF for each of fiscal years 1993-94 and 1994-95. While no such ERAF contribution was required for a number of years after the 1994-95 fiscal year, the State budget package for fiscal year 2002-03 included, under AB 1768, a transfer of an aggregated \$75 million from redevelopment agencies statewide to the ERAF. On September 2, 2003, SB 1045 was enacted into law as Chapter 260 of the Statutes of 2003, again imposing an ERAF transfer on redevelopment agencies, for fiscal year 2003-04 only, in the aggregate amount of \$135 million. Based on this state-wide ERAF shift of \$135 million, the Agency made its ERAF payment of \$408,950 in Fiscal Year 2003-04 by the May 10, 2004 deadline.

On July 28, 2004, the State Legislature passed, and on July 31, 2004 the Governor signed into law, the budget bill (SB 1113) together with a number of trailer bills, including SB 1096 (collectively, the "2004-05 Budget"). SB 1096 required a transfer to the ERAF by redevelopment agencies for each of fiscal years 2004-05 and 2005-06, in the aggregate amount of \$250 million per fiscal year. Similar to AB 1768 and SB 1045, SB 1096 calculates each agency's ERAF payment based on the total amount of tax increment it received in the prior fiscal year, in proportion to the total amount of tax increment received by all agencies in such Fiscal year, with 50% of the payment based on gross tax increment received and 50% based on net tax increment received after pass-through payments to other taxing entities. Based on this state-wide ERAF shift of \$250 million per fiscal year, the Agency made its ERAF payment of \$740,442 in Fiscal Year 2004-05 by the May 10, 2005 deadline and its ERAF payment of \$871,872 in Fiscal Year 2005-06 by the May 10, 2006 deadline.

Unlike the legislation providing for ERAF transfers in prior fiscal years, SB 1096 expressly provides the obligation of any redevelopment agency to make the ERAF payments for fiscal years 2004-05 and 2005-06 shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code. There can be no assurance that the State Legislature will not require similar or other deposits in the current fiscal year or in future years to deal with its budget deficits, nor can there be any assurance that any obligation to make any such future deposits will be deemed subordinate to a pledge of taxes.

The potential impact of future legislation could be material to the Agency and its ability to finance existing and future obligations and conduct its redevelopment activities. While the State budget for fiscal year 2007-08 has no new ERAF payment requirements and none have been proposed at this time for the fiscal year 2008-09 State budget, the Agency cannot predict whether the State Legislature will enact additional legislation which shifts tax increment revenues away from redevelopment agencies to the State or to schools (whether through an arrangement similar to ERAF or by any other arrangement), whether any future shifts in tax increment revenue would be limited or affected (such as by an offset of amounts required to be shifted) by pre-existing agreements between redevelopment agencies and school districts, community college districts and county superintendents of schools, or what impact such legislation may have on the Tax Revenues available to pay debt service on the Bonds. Accordingly, the Agency is not able to predict the effect, if any, such a shift, if enacted, would have on future Tax Revenues.

Information about the State budget and State spending is available at various State-maintained websites. Test of the budget may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." A nonpartisan analysis of the budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). None of such websites are in any way incorporated into this Official Statement, and the Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

### **Seismic Factors**

The City, like most regions in the State of California, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. Numerous active and inactive fault lines pass through, or near, the area in which the City is located. The Norwalk Fault is the only fault located within the City, though no surface faulting has been associated with this fault. According to the Safety Element of the City's General Plan, the City's proximity to the Norwalk, Whittier, Newport-Inglewood and other regional faults, along with a medium-to-high potential for ground failure due to liquefaction in some areas, present a known risk. Seismic hazards encompass ground rupture, shaking, lurching, blind thrust faults that lack surface breaks, liquefaction, and ground failure. For more information see "Buena Park General Plan - Safety Element" on file with the Buena Park City Clerk. The occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

## **Risk of Floods**

According to information contained in the Safety Element of the City's General Plan, large winter storms can lead to localized flooding in the City, especially in its northern portion. The majority of the City is located within a designated 500-year flood plain, where flood water depths would average **less** than 1 foot. In addition, there are four localized flood hazard areas which would be inundated by a 100-year flood. The Safety Element also identifies four dams upstream of the City which present inundation hazards: Prado Dam, Fullerton Dam, Brea Dam, and Carbon Canyon Dam. For more information **see** "Buena Park General Plan - Safety Element" on file with the Buena Park City Clerk. As with seismic hazards, the occurrence of flood damage to property located in the Project Area could lead to successful appeals for reduction of assessed values of such property and any reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

## **Hazardous Substances**

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price. See also "— Loss of Tax Exemption — *Davis v. Kentucky*" below.

## **Loss of Tax Exemption**

Compliance by Agency. In order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Agency has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds as a result of acts or omissions of the Agency in violation of these covenants. See "MISCELLANEOUS — Tax Matters."

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the Bonds may be considered by the United States Congress and the California state legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax exemption of interest on the Bonds or the market value of the Bonds.

*Davis v. Kentucky.* In an opinion reported in 197 S.W.3d 557 (Ky. App. 2006), *Davis vs. Kentucky Department of Revenue*, an appellate court in Kentucky held that the State of Kentucky had violated the United States Constitution by granting an income tax exemption for interest on bonds issued by Kentucky and its political subdivisions, while at the same time imposing a tax on interest on bonds issued by other states or their political subdivisions. The State of Kentucky appealed to the United States Supreme Court, which granted certiorari, and on November 5, 2007, the United States Supreme Court heard oral arguments on the appealed issues in the case. A decision has not yet been issued by the United States Supreme Court. If the United States Supreme Court affirms the Kentucky appellate court decision, it could overturn other state income tax laws similar to Kentucky's. In that event, each affected state may enact legislation to either extend its tax exemption to bonds issued by other states or their political subdivisions, or tax the interest on its home-state bonds in the same manner as it taxes the interest on out-of-state bonds. It is uncertain whether any such new laws, if enacted, would have retroactive effects. If the decision is upheld, the marketability and market price for the Bonds may be affected.

## **LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS**

### **Property Tax Limitations - Article XIII A**

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment". The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2 percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1 percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in August 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIII A. Proposition 58 amends Article XIII A to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

### **Challenges to Article XIII A**

There have been many challenges to Article XIII A of the California Constitution. Recently, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential

property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

### **Implementing Legislation**

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A.

The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978/79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property Tax Revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

### **Property Tax Collection Procedures**

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

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

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

*Penalties.* A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is

declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a \$15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

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

*Supplemental Assessments.* A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased tax increment revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within a Project Area, Tax Revenues may increase.

*Tax Collection Fees.* SB 2557 (Chapter 466, Statutes of 1990) authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. Such costs are not included in the Tax Revenues which are pledged to repay the Bonds.

### **Unitary Property**

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies and herein defined as "Unitary Property") is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro-rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro-rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property has been changed to January 1. Railroad property will continue to be assessed and revenues allocated to all tax rate areas where the railroad property is sited.

### **Proposition 218**

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

## **Future Initiatives**

Article XIII A, Article XIII B and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

## **MISCELLANEOUS**

### **Litigation**

There is no litigation pending or, to the Agency's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture or any proceedings of the Agency with respect thereto. In the opinion of counsel to the Agency, there are no lawsuits or claims pending against the Agency which will materially affect the Agency's finances so as to impair its ability to pay principal of and interest on the Bonds when due.

### **Ratings**

Moody's Investors Service and Standard & Poor's Credit Market Services, a Division of the McGraw-Hill Companies, have assigned their municipal bond rating of "A3" and "A" respectively, to the Bonds.

These ratings reflect only the views of such rating agencies and are not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of such ratings should be obtained from such rating agencies at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007, (212) 553-0377; and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, (212) 438-2774. No assurance can be given that such ratings will be retained for any given period of time or that the same will not be revised or withdrawn entirely by the respective rating agency if, in its judgment, circumstances so warrant. Except as otherwise required in the Continuing Disclosure Certificate, the Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the marketability or market price of the Bonds.

### **Certain Legal Matters**

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render an opinion with respect to the Bonds substantially in the form set forth in APPENDIX D to this Official Statement. Copies of this opinion will be available at the time of delivery of the Bonds. Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, is acting as Disclosure Counsel to the Agency. Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds. Certain legal matters will be passed upon for the Agency by Agency Counsel.

### **Tax Matters**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and

corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any Bonds on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of Bonds issued with an original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

Owners of the Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described



above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

### **IRS Audit of Tax-Exempt Bond Issues**

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of such Bonds might be affected as a result of such an audit of such Bonds (or any an audit of similar bonds).

### **Underwriting**

The Bonds were purchased for reoffering by Morgan Stanley & Co. Incorporated (the “Underwriter”) at a competitive sale. The Underwriter has agreed to purchase the Bonds for \$47,946,000.00 (representing the aggregate principal amount of the Bonds less an underwriter’s discount of \$953,183.55 and plus net original issue premium of \$99,183.55).

The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

### **The Trustee**

The Agency has appointed Union Bank of California, N.A., a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Agency of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Agency. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the projects financed by the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

### **Financial Advisor**

Harrell & Company Advisors, LLC, Orange, California, an independent financial consulting firm, has served as Financial Advisor to the Agency with respect to the sale of the Bonds. The Financial Advisor has advised the Agency as to the financial structure and certain other financial matters relating to the Bonds and has assisted the Agency in the review of this Official Statement. The information set forth herein has been obtained by the Agency from sources which are believed to be reliable, but such information is not guaranteed by the Financial Advisor as to accuracy or completeness, nor has it been



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## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust, dated as of February 1, 2000, as amended and supplemented, including as amended and supplemented by a Second Supplement to Indenture of Trust, dated as of February 1, 2008, both by and between the Agency and Union Bank of California, N.A., as trustee (as amended and supplemented, the "Indenture"). Such summary is not intended to be definitive, and reference is made to the complete document for the complete terms thereof.

#### Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary.

"Bonds" means the 2008 Series A Bonds, and includes, if the context requires, any Parity Debt.

"Bond Year" means any twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2008.

"Business Day" means a day of the year, other than Saturday or Sunday, on which banks in Los Angeles, California, are not required or permitted to be closed and on which The New York Stock Exchange is not closed.

"CarMax Promissory Note" means the Promissory Note, dated September 3, 2003, executed in the original principal amount of \$4,318,718.00 by the Agency, as payor, and CarMax Auto Superstores West Coast, Inc. as payee.

"Closing Date" means the date on which the Bonds are delivered by the Agency to the original purchaser thereof.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to operating expenses, rating agency fees, municipal bond insurance premiums, filing and recording fees, initial fees and charges payable under the Refunding Escrow Agreements, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professional fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the issuance of the Bonds.

“Costs of Issuance Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“County” means the County of Orange, a county duly organized and existing under the laws of the State.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds, the 2000 Bonds, the 2003 Bonds and on any additional Parity Debt during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Defeasance Obligations” means, with respect to the Bonds:

(a) cash;

(b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series);

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody’s rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(f) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed Title XI financings of the U.S. Maritime Administration; (vii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is

acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means, with respect to the Bonds, any noncallable, direct general obligations of the United States of America, the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Agency, and who, or each of whom:

- (a) is in fact independent and not under domination of the Agency;
- (b) does not have any substantial interest, direct or indirect, with the Agency; and
- (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

- (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;
- (b) is in fact independent and not under domination of the Agency;
- (c) does not have any substantial interest, direct or indirect, with the Agency; and
- (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attn: Called Bond Dept.; and Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Agency may designate in a Written Request of the Agency filed with the Trustee..

"Interest Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Interest Payment Date" means March 1 and September 1, commencing with respect to the Bonds, September 1, 2008, and in each year thereafter so long as any of the Bonds remain Outstanding.

"Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that Outstanding Serial Bonds are retired as scheduled and that any Outstanding Term Bonds are redeemed from mandatory sinking fund payments as scheduled, (b) the principal amount of Outstanding Bonds and any Parity Debt payable by their terms in such Bond Year, and (c) the principal amount of any Outstanding Term Bonds scheduled to be redeemed from mandatory sinking fund payments in such Bond Year. If any proceeds of outstanding Parity Debt shall be on deposit in an escrow fund from which amounts may not be released to the Agency unless the amount of Tax Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the County), at least equals 125% of the amount of Maximum Annual Debt Service which would result if the amount on deposit in such escrow fund were to be released to the Agency from such escrow fund in accordance with the terms of the related supplemental indenture, then for purposes of calculating Maximum Annual Debt Service, the annual Debt Service on such Parity Debt shall be determined as if the amounts then on deposit in the escrow fund were withdrawn therefrom and applied to pay or redeem such Parity Debt in accordance with the terms of the related supplemental indenture.

"Moody's" means Moody's Investors Service, Inc., its successor and assigns.

"Outstanding", when used as of any particular time with reference to Bonds, means (subject to the defeasance provisions of the Indenture) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of defeasance provisions of the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

"Owner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means the 2000 Bonds, the 2003 Bonds and any additional loans, advances, or indebtedness issued or incurred by the Agency on a parity with the Bonds, the 2000 Bonds and the 2003 Bonds pursuant to the Indenture.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means, with respect to the Bonds, any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated system wide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G", "AAAm", or "AAm";

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;



(g) investment agreements, including guaranteed investment contracts, which are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody's or S&P;

(h) commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(k) repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria (unless otherwise approved by the Indenture):

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation and which are rated "A" or better by Moody's and S&P, or (B) a bank rated "A" or better by Moody's and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral; (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the

cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds;

(l) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided, however, pre-refunded municipal bonds rated by S&P only (i.e., no Moody's rating) are acceptable if such pre-refunded municipal bonds were pre-refunded with cash, direct U.S. or U.S. guaranteed obligations or AAA rated pre-refunded municipal bonds; and

(m) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Plan Limit" means the limitation contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Law.

"Qualified Reserve Account Credit Instrument" means any irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in one of the two highest rating categories by S&P and Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) written notice of the posting of such Qualified Reserve Account Credit Instrument is given to S&P and Moody's.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day .

"Redemption Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Redevelopment Fund" means the fund by that name established and held by the Agency pursuant to the Indenture.

"Redevelopment Plan" means the Merged and Amended Redevelopment Plan for the Buena Park Consolidated Redevelopment Project approved by Ordinance No. 1422, adopted by the City Council of the City on May 7, 2002, merging the following four (4) constituent project areas: (i) the Central Business District Project Area approved by Ordinance No. 1069, adopted by the City Council of the City on November 19, 1979. (ii) Project Area No. II approved by Ordinance No. 1163, adopted by the City Council of the City on October 1, 1984, (iii) Project

Area No. III approved by Ordinance No. 1246, adopted by the City Council of the City on June 18, 1990, and (iv) Buena Park Redevelopment Project Area No. IV approved by Ordinance No. 1421, adopted by the City Council of the City on May 7, 2002, together with any amendments of any of the foregoing Ordinances heretofore or hereafter duly enacted pursuant to the Law.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Requirement” means the lesser of (i) ten percent (10%) of the original principal amount of, less underwriter’s discount and original issue discount (if any) on, the Bonds and any Parity Debt or, (ii) Maximum Annual Debt Service. If at the time of calculation of the Reserve Requirement there shall be two (2) or more reserve accounts established with respect to the Bonds and any Parity Debt, then the amounts on deposit in such reserve accounts shall be aggregated for purposes of calculating compliance with the Reserve Requirement.

“S&P” means Standard and Poor’s Ratings Services, its successors and assigns.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, N.Y. 10041-0099 Attn: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

“Serial Bonds” means all Bonds other than the Term Bonds.

“Sinking Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Special Fund” means the fund by that name established and held by the Agency pursuant to the Indenture.

“State” means the State of California.

“Subordinate Debt” means any loans, advances or indebtedness issued or incurred by the Agency pursuant to the Indenture, which are either: (a) payable from, but not secured by a pledge or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues for the security of the Bonds, the 2000 Bonds and any additional Parity Debt.

“2000 Bonds” means the Agency’s \$8,265,000 aggregate principal amount of Redevelopment Project Area II 2000 Tax Allocation Refunding Bonds.

“2003 Bonds” means the Agency’s \$24,055,000 aggregate principal amount of Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds.

**"2008 Series A Bonds"** means the Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A, authorized pursuant to and at any time Outstanding under the Indenture.

**"2008 Series B Bonds"** means the Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds, Series B, heretofore authorized by the Agency and proposed to be issued pursuant to a new Article XII of the Indenture and at any time Outstanding under the Indenture.

**"Tax Revenues"** means, except as provided below, moneys allocated within the Plan Limit and paid to the Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Sections 16110, et seq., of the Government Code of the State of California) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and including that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Law, (ii) amounts payable by the Agency pursuant to the Tax-Sharing Agreements, (iii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of Parity Debt, as applicable and (vi) with respect to the payment of Debt Service on the 2008 Series A Bonds and the 2008 Series B Bonds, amounts payable by the Agency pursuant to the CarMax Promissory Note.

**"Term Bonds"** means any Bonds subject to mandatory sinking fund redemption pursuant to the Indenture.

### **Pledge and Deposit of Tax Revenues**

Except for certain fees, costs and expenses of the Trustee in the event of default, the Bonds shall be equally secured by a first pledge of, security interest in and lien on all of the Tax Revenues and a first and exclusive pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

There is established by the Indenture a special fund to be known as the "Special Fund," which shall be held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the

aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year and for deposit in such Bond Year in funds and accounts established with respect to any Parity Debt, as provided in any supplemental indenture.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year shall be released from the pledge and lien for the security for the Bonds and may be applied by the Agency for any lawful purposes of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any supplemental indentures.

#### **Establishment of Funds and Accounts; Flow of Funds**

2008 Series Costs of Issuance Fund. There is established by the Indenture a separate fund designated as the 2008 Costs of Issuance Fund. The moneys in the 2008 Series A Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a written request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the earlier of ninety (90) days from the Closing Date, or the date of receipt by the Trustee of a Written Request of the Agency therefor, all amounts (if any) remaining in the 2008 Series A Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be deposited in the Redevelopment Fund.

Redevelopment Fund. There is established by the Indenture a separate fund designated as the Redevelopment Fund which the Agency has covenanted and agreed to cause to be maintained and which shall be held in trust by the Agency. The moneys in the Redevelopment Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing the Redevelopment Project. The Agency has warranted that no funds on deposit in the Redevelopment Fund shall be applied for any purpose not authorized by the Law.

Debt Service Fund, Special Fund. There is established by the Indenture a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee in trust. Moneys in the Special Fund established by the indenture and held by the Agency shall be transferred by the Agency to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, which are established with the Trustee, in the following order of priority:

(a) Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained

therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fifth (5th) Business Day preceding September 1 in each year in which principal of the Bonds is due and payable, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and any maturing Term Bonds on the next Interest Payment Date. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Interest Payment Date on all of the Outstanding Serial Bonds and any maturing Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and maturing Term Bonds as it shall become due and payable.

(c) Sinking Account. On or before the fifth (5th) Business Day preceding each September 1 on which any Outstanding Term Bonds are subject to mandatory redemption pursuant to the Indenture, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1 pursuant to the Indenture. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption pursuant to the Indenture.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Day preceding March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Agency shall have

caused to be deposited in the Special Fund an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Agency to the Redevelopment Fund.

The Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Agency to be deposited in the Redevelopment Fund and used for the purposes thereof. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency shall be pro-rata with respect to each such instrument.

The Reserve Requirement is represented in part by credit with respect to the 2000 Bonds of a Qualified Reserve Account Credit Instrument. Pursuant to the terms and conditions of the Qualified Reserve Account Credit Instrument, the Trustee shall deliver to the issuer thereof a demand for payment under the Qualified Reserve Account Credit Instrument in the required form at least three (3) days prior to the date on which funds are required for the purposes of the Reserve Account described above. Amounts owing to the such issuer under the terms of the Qualified Reserve Account Credit Instrument shall be secured by a pledge of, security interest in and lien on the Tax Revenues, subject in all respects to the prior pledge, security interest and lien in favor of the Bonds and any Parity Debt.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds, the 2000 Bonds and any additional Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Agency in writing to the Trustee.

(e) Surplus. The Agency shall not be required to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee from the Special Fund with respect to such Bond Year pursuant to the Indenture. In the event that, for any reason whatsoever, any amount shall remain on deposit in the Special Fund on the last day of any Bond Year (being the applicable September 1) after making all of the transfers from the Special Fund with respect to such Bond Year theretofore required to be made pursuant to the Indenture the Agency may withdraw such amount from the Special Fund to be used for any lawful purpose of the Agency.

(f) Redemption Account. On or before the Business Day preceding any Interest Payment Date on which Bonds are to be redeemed pursuant to the Indenture (other than by reason of mandatory sinking fund redemption), the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such Interest Payment Date pursuant to the Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture on the date set for such redemption.

### **Issuance of Parity Debt**

In addition to the Bonds, the Agency may, by supplemental indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance the Project in such principal amount as shall be determined by the Agency. The Agency may issue or incur any such other Parity Debt subject to the following specific conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all supplemental indentures;

(b) The Tax Revenues estimated to be received for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County, shall be at least equal to 125% of Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt, except that, so long as the 2008 Series B Bonds are Outstanding, such Tax Revenues shall be at least equal to 150% of the Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt;

(c) The supplemental indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall be payable on September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable;

(d) Money shall be deposited in the Reserve Account from the proceeds of the sale of said Parity Debt (or from other available funds of the Agency) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt, and the Supplemental Indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts, including a separate Reserve Account ;he supplemental indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts;

(e) The aggregate amount of the principal of and interest on all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Parity Debt, shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Parity Debt; and

(f) The Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in the Indenture



have been satisfied and that an amount equal to the Reserve Requirement is on deposit in cash in the Reserve Account as of the delivery of such Parity Debt.;

### **Issuance of Subordinate Debt**

In addition to the Bonds, the Agency may incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all supplemental indentures;

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limit, then all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Subordinate Debt;

(c) If, and to the extent such Subordinate Debt is bonded debt, Tax Revenues estimated to be received for the then current Fiscal Year and all subsequent years shall be at least equal to 100% of annual debt service on such Subordinate Debt, together with debt service on all debt with a senior lien on Tax Revenues.

(d) Except with respect to any Subordinate Debt issued and delivered on the Closing Date, the Agency shall deliver to the Trustee a written certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in the Indenture have been satisfied.

### **Investment of Funds**

Moneys in the funds and accounts established by the Indenture and held by the Trustee shall be invested by the Trustee in Permitted Investments specified in a written request of the Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments, except that moneys in the Reserve Account, if any, shall not be invested in Permitted Investments with maturities of more than five (5) years, unless invested in an Permitted Investment that permits withdrawal at any time for purposes of the Reserve Account. In the absence of any such specification by the Agency, the Trustee may (but shall not be required to) invest any such moneys in the Permitted Investments described in clause (d) of the definition thereof and selected by the Trustee, which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. Moneys in the Special Fund and the Redevelopment Fund may be invested by the Agency in any obligations in which the Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account; provided, however, that (i) all interest or gain from the investment of amounts in the Interest Account shall be retained in the Interest Account and (ii) all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent that the amounts remaining on deposit in the Reserve Account equal the Reserve Requirement. The Trustee or an affiliate may act as principal or

agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture.

### **Certain Covenants of the Agency**

Punctual Payment. The Agency shall promptly pay or cause to be paid when due from moneys in the Special Fund the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of the Indenture. The Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all supplemental indentures. Nothing in the Indenture shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

Limitation on Additional Indebtedness. So long as the Bonds are Outstanding, only the Bonds, any Parity Debt and any Subordinate Debt may be payable from Tax Revenues. The Agency shall not otherwise issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues.

Accounting Records; Financial Statements; Annual Calculation of Available Tax Revenues. The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City of Buena Park, in which complete and current entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) percent in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared and filed with the Trustee annually, within 180 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements of Tax Revenues, and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year, which statements shall be accompanied by a written certificate of the Agency and a written certificate or opinion of an Independent Accountant stating that the Agency is in compliance with its obligations under the Indenture. The Agency shall furnish a copy of the above-referenced written certificates and statements to any Owner upon reasonable request at the expense of such Owner.

Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date, the Bonds shall be incontestable by the Agency.

Taxation of Leased Property. All amounts derived by the Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of the Indenture.

Disposition of Property. The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for

public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than 10 percent of the land area or more than 10 percent of the most recent assessed valuation of the property in the Project Area unless such disposition is permitted as hereinafter provided. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition.

Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of any amounts payable by the State, appropriate officials of the State.

Tax Covenants. The Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to any of the gross proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of applicable federal tax laws. The Agency will assure compliance with the requirements for rebate of all excess investment earnings to be rebated to the United States of America under applicable federal tax law. The Agency has further covenanted not to apply the proceeds of the Bonds in a manner which would have the effect of causing the Bonds to become "private activity bonds" or to be used to make or finance loans to persons other than governmental units, or permit the Bonds to be "federally guaranteed" within the meaning of applicable federal tax law.

Compliance with the Law; Low and Moderate Income Housing Fund. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law. Without limiting the generality of the foregoing, the Agency covenants that it shall deposit or cause to be deposited in the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Law, all amounts when, as and if required to be deposited therein pursuant to the Law. The Agency agrees to expend amounts deposited in the Low and Moderate Income Housing Fund including, without limitation, proceeds of any Parity Debt deposited therein, solely in accordance with Section 33334.2 of the Law.

Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under the Indenture.

Compliance With Plan Limit. The Agency hereby agrees that the aggregate amount of Debt Service remaining to be paid on all Outstanding Bonds shall at no time exceed ninety-five percent (95%) of the aggregate amount of Tax Revenues which the Agency is permitted to receive under the Plan Limit. In the event that the aggregate amount of Debt Service remaining to be paid on all Outstanding Bonds at any time equals or exceeds ninety-five percent (95%) of the aggregate amount of Tax Revenues which the Agency is permitted to receive under the Plan Limit, all Tax Revenues thereafter received by the Agency shall immediately be paid to the Trustee and deposited by the Agency in the Special Fund to be applied for the sole purpose of paying the principal of and interest on the Bonds and any other Outstanding Parity Debt prior to maturity or as it comes due and payable, notwithstanding anything in the Indenture to the contrary.

### **Amendment of Indenture**

The Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a supplemental indenture which shall become binding upon adoption, without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Indenture reserved to or conferred upon the Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt pursuant to the Indenture, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of the Indenture; or

(d) to amend any provision of the Indenture relating to the requirements of or compliance with the requirements of applicable federal tax law, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on any of the Bonds, in the opinion of nationally-recognized bond counsel; or

(e) to comply with the requirements of the provider of any Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a supplemental indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bonds without the express written consent of the Owner

of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

### **Events of Default**

Events of Default Defined. The following events shall constitute events of default under the Indenture:

(a) default in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of 60 days following receipt by the Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

(c) certain events relating to the bankruptcy or insolvency of the Agency.

Remedies. If an event of default has occurred and is continuing, the Trustee shall, if requested in writing by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity. With respect to any event of default described in clauses (a) and (c) above the Trustee shall, and with respect to any event of default described in clause (b) above the Trustee in its sole discretion may, upon receiving actual knowledge of such event of default, give notice thereof to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the Indenture (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date). This remedy, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee thereunder, shall be applied by the Trustee in the order following, upon presentation of the several Bonds and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such event of default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an event of default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an event of default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, settlement or other disposal of such litigation.

Limitation on Bondowner's Right To Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Non-Waiver. A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Redevelopment Law or by the

Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners. If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

The Agency may remove the Trustee at any time, unless an event of default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Agency has knowledge that the Trustee shall cease to be eligible to serve as Trustee under the requirements of the Indenture, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Agency to the Trustee, whereupon the Agency shall appoint a successor Trustee by an instrument in writing.

### **Discharge of Indenture**

If the Agency shall pay and discharge the indebtedness evidenced by the Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay such Bonds, including principal, interest and redemption premiums, (if any), or;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness evidenced by the Bonds (including principal, interest and redemption premiums, if any) at or before maturity.

If such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (a) the obligations of the Agency with respect to rebate of moneys to the United States of America pursuant to the Indenture, (b) the obligation of the Trustee to transfer and exchange such Bonds under the Indenture, and (c) the obligation of the Agency to pay or cause to be paid to the Owners, from amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. In the event the Agency shall,

pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Agency has determined to pay and discharge in part. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge all of the Bonds then Outstanding, any funds thereafter held by the Trustee which are not required for said purposes, shall be paid over to the Agency.



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**APPENDIX B  
SUPPLEMENTAL INFORMATION – THE CITY OF BUENA PARK AND  
THE COUNTY OF ORANGE**

*The following information concerning the City and surrounding areas are included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, the State, or any of its political subdivisions and neither said City, said State, nor any of its political subdivisions is liable therefor. See the section in the forepart of this Official Statement entitled "SECURITY FOR THE BONDS."*

**General**

The City of Buena Park encompasses approximately ten square miles and is located at the northwest border of Orange County, just south of the Los Angeles County line. It is 25 miles southeast of downtown Los Angeles. Neighboring communities include Anaheim, Cerritos, Cypress, Fullerton, La Mirada, and La Palma.

**Population**

The City's estimated population on January 1, 2007 was 82,452. The following table shows the estimated past population data for the City.

**CITY OF BUENA PARK**

<b>Date</b>	<b>Population</b>	<b>Date</b>	<b>Population</b>
Jan. 1, 1998	74,669	Jan. 1, 2003	80,408
Jan. 1, 1999	75,986	Jan. 1, 2004	80,795
Jan. 1, 2000	77,447	Jan. 1, 2005	80,932
Jan. 1, 2001	78,790	Jan. 1, 2006	81,488
Jan. 1, 2002	79,538	Jan. 1, 2007	82,452

*Source: Demographic Research Unit, California State Department of Finance.*

**Climate**

The City enjoys Mediterranean-type sun-belt weather with warm summers and mild winters. Year-round temperatures average from a January minimum of 45 degrees to an August maximum of 86 degrees. The average yearly rainfall of approximately 11 inches occurs predominantly during the winter months. Humidity is fairly constant throughout the year at 70 percent. Prevailing winds are from the southeast averaging 8-10 miles per hour.

**Organization**

Buena Park, a general law city, was incorporated in 1953. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City Council is composed of five members elected bi-annually at large to four-year alternating terms. The Mayor is selected by the City Council from amongst its members. Buena Park employs a staff of approximately 305 full-time employees and 150 part-time employees under the direction of the City Manager.

## Employment and Industry

The City is located in Orange County. The available labor force employment and unemployment figures over the last five years for Orange County is as follows.

<b>Industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007<sup>(3)</sup></b>
Total Farm	7,200	6,700	5,600	5,400	4,225
Natural Resources and Mining	500	600	700	600	600
Construction	83,700	92,200	99,900	107,000	105,883
Manufacturing	183,900	183,500	182,900	183,400	183,533
Trade, Transportation and Utilities	265,000	264,900	269,800	270,700	270,058
Information	35,200	33,800	32,800	31,700	31,275
Financial Activities	122,200	132,300	138,400	139,000	134,850
Professional and Business Services	252,600	254,900	264,300	274,800	276,217
Educational and Health Services	126,300	131,000	133,500	138,900	143,867
Leisure and Hospitality	158,600	162,900	165,000	169,500	171,500
Other Services	46,700	47,400	48,400	47,900	48,242
Government	154,200	153,400	155,300	156,500	159,283
Total All Industries <sup>(1)</sup>	<u>1,436,200</u>	<u>1,463,400</u>	<u>1,496,500</u>	<u>1,525,500</u>	<u>1,529,533</u>
Total Civilian Labor Force <sup>(2)</sup>	1,558,700	1,583,800	1,605,100	1,623,600	1,634,958
Total Unemployment	74,500	67,400	60,300	55,300	63,358
Unemployment Rate	4.8%	4.3%	3.8%	3.4%	3.9%

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

(2) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

(3) Preliminary figures as of January 2008.

Source: California Employment Development Department, Labor Market Information Division.

## Assessed Valuation

A ten year history of the City's assessed valuation is as follows:

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
1998-99	\$3,513,910,280	\$2,828,316	\$277,722,412	\$3,794,461,008
1999-00	3,744,229,757	2,760,892	319,296,998	4,066,287,647
2000-01	4,060,905,399	2,759,346	352,316,082	4,415,980,827
2001-02	4,325,719,576	2,929,226	379,354,238	4,708,003,040
2002-03	4,580,986,561	2,781,922	408,621,600	4,992,390,083
2003-04	4,846,907,242	2,397,940	392,302,286	5,241,607,468
2004-05	5,234,822,021	2,075,452	414,823,715	5,651,721,188
2005-06	5,767,058,671	1,690,510	343,278,382	6,112,027,563
2006-07	6,358,699,593	1,580,949	390,624,367	6,750,904,909
2007-08	6,947,908,057	522,722	403,222,606	7,351,653,385

*Source: California Municipal Statistics, Inc.*

## Secured Property Tax Levies and Collections

The collection rates of secured property tax levies within the City for the past four years are presented in the following table.

<u>Fiscal Year</u>	<u>Total Tax Levy<sup>(1)</sup></u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2002-03	\$5,079,856	\$5,002,823	98.48%	\$50,936	\$5,053,759	99.49%
2003-04	5,083,738	5,006,643	98.48	53,529	5,060,172	99.54%
2004-05	5,421,516	5,343,610	98.56	58,325	5,401,935	99.64%
2005-06	5,803,838	5,689,465	98.03	<sup>(2)</sup>	5,689,465	98.03%

(1) Property tax totals are net of 1915 Bond Act.

(2) Information not available.

*Source: City of Buena Park Comprehensive Financial Annual Report, Fiscal Year 2005-06.*

## Taxable Transactions

The valuation of number of sales permits and taxable transactions subject to sales tax within the City is presented in the following table.

### Valuation of Taxable Transactions<sup>(1)</sup>

Year	# of Permits (Retail)	Retail Stores	# of Permits (Total)	Total All Outlets
2002	793	\$ 867,950	1,942	\$1,231,088
2003	816	978,874	1,988	1,321,763
2004	868	1,059,324	2,019	1,390,281
2005	888	1,123,544	2,005	1,504,214
2006	903	1,497,707	2,015	1,898,407

(1) In thousands of dollars ('000s).

Source: California State Board of Equalization.

A summary of historic taxable sales within the City, by type of business, during the past four years for which data is available is shown in the following table.

### CITY OF BUENA PARK Taxable Transactions<sup>(1)</sup>

Business	2002	2003	2004	2005	2006
Apparel Stores	\$ 14,955	\$ 32,936	\$ 33,675	\$ 35,902	\$ 39,187
General Merchandise	86,236	114,322	131,964	146,792	172,955
Food Stores	37,576	37,048	31,328	35,269	35,953
Eating & Drinking Places	93,849	108,153	114,013	121,310	134,457
Home Furnishings & Appliances	23,120	24,252	26,516	29,146	29,474
Building Material and Farm Implements	34,056	32,081	32,076	34,725	38,622
Auto Dealers and Auto Supplies	448,422	505,064	535,452	548,804	561,940
Service Stations	46,249	50,555	59,586	70,546	68,564
Other Retail Stores	83,487	74,463	94,714	101,050	416,555
Retail Stores Total	867,950	978,874	1,059,324	1,123,544	1,497,707
All Other Outlets	363,138	342,889	330,957	380,670	400,700
<b>TOTAL ALL OUTLETS</b>	<b>\$1,231,088</b>	<b>\$1,321,763</b>	<b>\$1,390,281</b>	<b>\$1,504,214</b>	<b>\$1,898,407</b>

(1) In thousands of dollars ('000s).

(2) Sales omitted because their publication would result in the disclosure of confidential information. These figures are included with "Total All Outlets."

Source: California Board of Equalization.

## Public Utilities

The City provides its own water service to the general public. Industrial waste and sewer services are furnished by the Orange County Sanitation District. Electricity is provided by Southern California Edison, natural gas is provided by the Southern California Gas Company, and telephone service is supplied by Pacific Bell.

## **Transportation**

- Highways:** The Santa Ana Freeway (Interstate 5), a major northwest-southeast corridor and the Artesia Freeway (State Highway 91) and east-west highway both intersect the City. State Highway 39 (Beach Boulevard) is the major north-south thoroughfare through the City. Buena Park is also within minutes of the San Gabriel River Freeway (Interstate 605), a north-south freeway to the west, and the San Diego Freeway (Interstate 405) a northwest-southwest freeway south of the City.
- Rail:** Rail freight service is available from Southern Pacific, national Amtrak, Metrolink and Atchison, Topeka & Santa Fe Railroads. Water transportation is available at Long Beach and Los Angeles harbors, one hour west. In addition, truck freight service is available from both local and national trucking companies.
- Bus:** Bus service is provided by Orange County Rapid Transit District and Southern California Rapid Transit District. Overland bus service is available with Greyhound Busline.
- Air:** Air cargo and passenger flight services are provided at Los Angeles International Airport, 25 miles west, which is served by all major airlines; Long Beach Airport, 12 miles southwest; John Wayne Airport in Orange County, 18 miles southeast of the City. All of these airports provide regional service. Fullerton Municipal Airport, 1 mile to the east, also provides freight services as well as commuter services to Los Angeles International Airport.

## **Services and Community Facilities**

Buena Park provides police protection, sewer maintenance, water, trash collection, street sweeping, park maintenance and building inspection. It cooperates with Orange County in the provisions of flood control and contracts with the Orange County Fire Authority for fire protection and emergency paramedic services.

The Buena Park Police Department has 144 full-time personnel including 94 sworn officers and 50 non-sworn full-time personnel serving the community.

Buena Park has two hospitals with a total bed capacity of 124. There are approximately 200 physicians, 20 dentists, 11 optometrists and 18 chiropractors in the City.

Four school districts serve the City; Buena Park School District, Centralia School District, Fullerton Joint Union High School District and Anaheim Union High School District. In addition, there are six special education schools and five private schools in the City. Nearby are Cypress Community College, Fullerton College and Cal State, Fullerton as well as several other junior and state colleges and universities within an easy commuting distance of Buena Park.

Cultural facilities include 32 churches, 1 library, 11 parks, live theatre, an 18-screen movie theater at the Buena Park Mall and numerous entertainment venues, including; Knott's Berry Farm, Knott's Soak City, Ripley's Believe it or Not, Pirates Dinner Adventure, and Medieval Times Dinner and Tournament.

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**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY  
FOR FISCAL YEAR ENDED JUNE 30, 2007**



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**REDEVELOPMENT AGENCY OF  
THE CITY OF BUENA PARK,  
CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**JUNE 30, 2007**

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REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

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**DIEHL, EVANS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2121 ALTON PARKWAY, SUITE 100  
IRVINE, CALIFORNIA 92606-4956  
(949) 399-0600 • FAX (949) 399-0610  
[www.diehlevans.com](http://www.diehlevans.com)

MICHAEL R. LUDIN, CPA  
CRAIG W. SPRAKER, CPA  
NITIN P. PATEL, CPA  
ROBERT J. CALLANAN, CPA  
\*PHILIP H. HOLTkamp, CPA  
\*THOMAS M. PERLOWSKI, CPA  
\*HARVEY J. SCHROEDER, CPA  
KENNETH R. AMES, CPA

\*A PROFESSIONAL CORPORATION

November 28, 2007

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Redevelopment Agency of  
the City of Buena Park  
Buena Park, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Buena Park (a component unit of the City of Buena Park, California) as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Redevelopment Agency of the City of Buena Park. 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Redevelopment Agency of the City of Buena Park (a component unit of the City of Buena Park, California) as of June 30, 2007 and the respective changes in financial position of the Redevelopment Agency of the City of Buena Park for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 28, 2007 on our consideration of the Agency'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redevelopment Agency of the City of Buena Park's basic financial statements. The computation of the excess surplus of the Low and Moderate Housing Special Revenue Fund is presented for additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Diehl, Evans and Company, LLP*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



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# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis

June 30, 2007

The information presented in "Management's Discussion and Analysis" is intended to be a narrative overview of the Redevelopment Agency of the City of Buena Park (Agency) financial activities for the fiscal year ended June 30, 2007.

### Financial Highlights

- Governmental net assets totaled \$43.1 million. The unrestricted net assets totaled \$17.8 million.
- The total net assets increased by \$17.3 million.
- As of June 30, 2007, the governmental fund balance was \$75.5 million, an increase of \$15.1 million in comparison to the prior year.
- Total Agency debt decreased by \$1.1 million.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplemental information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's financial position, in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting.

The *statement of net assets* presents information on the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, an indicator of the improvement or decline in the financial position of the Agency can be seen by the increase or decrease in net assets.

The *statement of activities* presents information on the net cost of each government function during the fiscal year, as well as the change in net assets during the recent fiscal year. Changes in net assets are driven by the recognition and matching of revenues and expenses, regardless of the timing of related cash flows.

See independent auditors' report.

# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis (Continued)

June 30, 2007

### Overview of the Financial Statements (Continued)

**Government-wide financial statements (Continued).** Both of the government-wide financial statements highlight functions of the Agency that are principally supported by property tax increment and bond proceeds. Redevelopment activities, in general, include providing public improvements, assisting with development and rehabilitation of existing properties, and providing low and moderate-income housing.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are classified as governmental funds.

**Governmental funds.** *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information may be useful in evaluating the Agency's short-term financing requirements.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. The fund balance sheets and statement of revenues, expenditures, and changes in fund balances, provide reconciliations on pages 12 and 14 to facilitate the comparison between governmental funds and governmental activities.

The Agency is comprised of three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. All three funds are considered to be major funds.

The basic governmental fund financial statements can be found on pages 11 and 13.

**Notes to the financial statements.** The notes provide additional information in order for the reader to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 27.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on page 28 relating to the Agency's budget for its special revenue fund.

See independent auditors' report.

**REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

**Management's Discussion and Analysis  
(Continued)**

June 30, 2007

**Government-wide Financial Analysis**

Over time, net assets may serve as an indicator of the Agency's financial position. In 2006-07, net assets increased by \$17.3 million. The reason for the increase in net assets is explained in the *Changes in Net Assets* section on page 6.

**Redevelopment Agency's Net Assets**

	Governmental Activities (In Millions)	
	Fiscal Year 2006-07	Fiscal Year 2005-06 As Restated
Current and other assets	\$ 87.9	\$ 68.0
Total assets	<u>87.9</u>	<u>68.0</u>
Current liabilities	5.4	1.6
Noncurrent liabilities	<u>39.4</u>	<u>40.6</u>
Total liabilities	<u>44.8</u>	<u>42.2</u>
Net assets:		
Restricted	25.3	19.1
Unrestricted	<u>17.8</u>	<u>6.7</u>
Total net assets	<u>\$ 43.1</u>	<u>\$ 25.8</u>

The Agency's assets exceeded liabilities by \$43.1 million at June 30, 2007 all of which is available for future spending, including repayment of debt.

See independent auditors' report.

**REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

**Management's Discussion and Analysis  
(Continued)**

June 30, 2007

**Government-wide Financial Analysis (Continued)**

**Redevelopment Agency's Changes in Net Assets**

	Governmental Activities (In Millions)	
	Fiscal Year 2006-07	Fiscal Year 2005-06
	<u>          </u>	<u>          </u>
Revenues:		
Property taxes	\$ 24.3	\$ 19.7
Other	<u>3.7</u>	<u>2.9</u>
Total revenues	<u>28.0</u>	<u>22.6</u>
Expenses:		
Community development	8.6	6.7
Interest on long-term debt	<u>2.1</u>	<u>2.0</u>
Total expenses	<u>10.7</u>	<u>8.7</u>
Increase in net assets	17.3	13.9
Net assets - beginning, as restated	<u>25.8</u>	<u>11.9</u>
Net assets - ending	<u>\$ 43.1</u>	<u>\$ 25.8</u>

Property tax increment revenues of \$24.3 million are the Agency's major revenue source. These tax increments are due to the increase in property value which is a result of the Agency's previous improvements to blighted areas.

Community development comprises the majority of expense (\$8.6 million). Community development includes developing commercial and residential areas and to underwrite the cost of such development in order to upgrade area property values.

See independent auditors' report.

# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis (Continued)

June 30, 2007

### Financial Analysis of Redevelopment Agency Funds

**Governmental funds.** The Agency uses fund accounting in order to comply with finance-related legal requirements. The Agency's governmental funds provide information on short-term inflows, outflows and balances of spendable resources. This information is useful in assessing financing requirements. The unreserved fund balance serves as a measure of the resources available for spending at fiscal year end.

At the end of 2006-07, the Agency's governmental funds reported combined ending fund balances of \$75.5 million, an increase of \$15.1 million from the prior year. These fund balances have already been committed 1) for low and moderate housing (\$16.0 million), 2) as a reserve for land held for resale (\$26.0 million), and 3) for principal and interest payments toward outstanding bond debt (\$34.0 million).

### Debt Administration

**Long-term debt.** At the end of fiscal year 2006-07, the Agency had a total of outstanding bonded debt and lease obligations of \$39.5 million as indicated below.

### Redevelopment Agency's Outstanding Debt

	Governmental Activities (In Millions)	
	Fiscal Year 2006-07	Fiscal Year 2005-06
2000 Tax Allocation Bonds	\$ 5.1	\$ 5.5
2003 Tax Allocation Bonds	21.2	22.1
Developer loan	4.3	4.3
Advances from City of Buena Park	8.9	8.7
Total outstanding debt	<u>\$ 39.5</u>	<u>\$ 40.6</u>

Debt is secured by property tax increment revenue. In 2006-07, outstanding debt decreased by \$1.1 million (2.7%) due to payments of current year principal obligations.

Information on debt service can be found on pages 24 to 27.

See independent auditors' report.

# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis (Continued)

June 30, 2007

### **Request for Information**

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, City of Buena Park, 6650 Beach Boulevard, Buena Park, CA 90622.

See independent auditors' report.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



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REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

STATEMENT OF NET ASSETS

June 30, 2007

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments (Note 3)	\$ 50,031,693
Accounts receivable	92,217
Taxes receivable	1,389,851
Interest receivable	620,043
Loans receivable	6,585,719
Restricted cash and investment with fiscal agent (Note 3)	2,346,807
Property held for resale	26,058,859
Deferred charges	<u>793,826</u>
<b>TOTAL ASSETS</b>	<b><u>87,919,015</u></b>
<b>LIABILITIES:</b>	
Accounts payable	4,028,762
Accrued liabilities	25,768
Due to other governments	1,352
Accrued interest payable	1,339,800
Noncurrent liabilities (Note 4):	
Due within one year	1,440,000
Due in more than one year	<u>38,012,780</u>
<b>TOTAL LIABILITIES</b>	<b><u>44,848,462</u></b>
<b>NET ASSETS:</b>	
Restricted for:	
Low and moderate income housing	23,144,435
Debt service	2,076,607
Unrestricted	<u>17,849,511</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 43,070,553</u></b>

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Community development	\$ 8,511,639	\$ -	\$ -	\$ -	\$ (8,511,639)
Interest on long-term debt	2,134,436	-	-	-	(2,134,436)
<b>Total governmental activities</b>	<b>\$ 10,646,075</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(10,646,075)</b>
<b>GENERAL REVENUES:</b>					
Taxes:					
Property					24,365,981
Investment income					3,268,293
Other revenue not restricted to specific programs					327,010
<b>Total general revenues and transfers</b>					<b>27,961,284</b>
<b>CHANGE IN NET ASSETS</b>					<b>17,315,209</b>
<b>NET ASSETS - BEGINNING OF YEAR, AS RESTATED (NOTE 5)</b>					<b>25,755,344</b>
<b>NET ASSETS - END OF YEAR</b>					<b>\$ 43,070,553</b>

See independent auditors' report and notes to basic financial statements.

## FUND FINANCIAL STATEMENTS

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REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	Low and Moderate Housing	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 15,810,225	\$ 34,180,695	\$ 40,773	\$ 50,031,693
Cash and investments with fiscal agent	-	2,076,607	270,200	2,346,807
Accounts receivable	1,237	-	90,980	92,217
Interest receivable	166,537	363,234	-	529,771
Taxes receivable	282,654	1,107,197	-	1,389,851
Loans receivable	6,222,355	-	363,364	6,585,719
Property held for resale	675,000	-	25,383,859	26,058,859
<b>TOTAL ASSETS</b>	<b><u>\$ 23,158,008</u></b>	<b><u>\$ 37,727,733</u></b>	<b><u>\$ 26,149,176</u></b>	<b><u>\$ 87,034,917</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 7,572	\$ 3,180,647	\$ 840,543	\$ 4,028,762
Accrued liabilities	6,001	-	19,767	25,768
Due to other governments	-	1,352	-	1,352
Deferred revenue	6,410,489	752,535	363,364	7,526,388
<b>TOTAL LIABILITIES</b>	<b><u>6,424,062</u></b>	<b><u>3,934,534</u></b>	<b><u>1,223,674</u></b>	<b><u>11,582,270</u></b>
<b>FUND BALANCES:</b>				
Reserved for:				
Debt service	-	33,793,199	-	33,793,199
Property held for resale	675,000	-	25,383,859	26,058,859
Low and moderate housing	16,058,946	-	-	16,058,946
Unreserved reported in:				
Capital projects fund	-	-	(458,357)	(458,357)
<b>TOTAL FUND BALANCES</b>	<b><u>16,733,946</u></b>	<b><u>33,793,199</u></b>	<b><u>24,925,502</u></b>	<b><u>75,452,647</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 23,158,008</u></b>	<b><u>\$ 37,727,733</u></b>	<b><u>\$ 26,149,176</u></b>	<b><u>\$ 87,034,917</u></b>

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2007

Fund balances for governmental funds		\$ 75,452,647
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Balances at June 30, 2007 are:</p>		
Tax allocation bonds payable	\$ (26,590,000)	
Bond issuance premium, net of accumulated amortization	(51,387)	
Deferred amount on refunding, net of accumulated amortization	358,898	
Loans payable	(4,318,718)	
Deferred charges, net of accumulated amortization	793,826	
Advances from the City of Buena Park	<u>(8,851,573)</u>	(38,658,954)
Accrued interest payable for the current portion of interest due on bonds payable is not reported in the governmental funds		(1,339,800)
Interest receivable which is not considered to be available to finance current expenditures is not reported in the governmental funds. For the Statement of Net Assets, this amount is accrued as it pertains to the current fiscal year		90,272
Receivables that are measurable but not available are offset by deferred revenue in the governmental funds		<u>7,526,388</u>
Net assets of governmental activities		<u>\$ 43,070,553</u>

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2007

	Low and Moderate Housing	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 4,927,826	\$ 19,111,155	\$ -	\$ 24,038,981
Intergovernmental	210,675	-	-	210,675
Investment income	739,196	2,119,673	150,220	3,009,089
Other revenues	17,860	-	309,150	327,010
<b>TOTAL REVENUES</b>	<b>5,895,557</b>	<b>21,230,828</b>	<b>459,370</b>	<b>27,585,755</b>
<b>EXPENDITURES:</b>				
Development:				
Project development costs	1,272,489	2,312,036	1,301,226	4,885,751
Salaries	148,924	-	457,938	606,862
Pass-through payment	-	3,975,512	-	3,975,512
Debt service:				
Principal payments	178,657	1,598,143	-	1,776,800
Interest and other charges	128,260	1,473,261	239,510	1,841,031
<b>TOTAL EXPENDITURES</b>	<b>1,728,330</b>	<b>9,358,952</b>	<b>1,998,674</b>	<b>13,085,956</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,167,227</b>	<b>11,871,876</b>	<b>(1,539,304)</b>	<b>14,499,799</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	18,106,863	18,106,863
Transfers out	-	(18,106,863)	-	(18,106,863)
Proceeds of advances	-	564,509	-	564,509
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(17,542,354)</b>	<b>18,106,863</b>	<b>564,509</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,167,227</b>	<b>(5,670,478)</b>	<b>16,567,559</b>	<b>15,064,308</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>12,566,719</b>	<b>39,463,677</b>	<b>8,357,943</b>	<b>60,388,339</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 16,733,946</b>	<b>\$ 33,793,199</b>	<b>\$ 24,925,502</b>	<b>\$ 75,452,647</b>

See independent auditors' report and notes to basic financial statements.



REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Net change in fund balances - total governmental funds \$ 15,064,308

Amounts reported for governmental activities in the Statement of Activities  
are different because:

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effect of these differences in the treatment of long-term liabilities and related items is as follows:

Principal payments	\$ 1,776,800	
Proceeds of advances	<u>(564,509)</u>	1,212,291

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Interest expense	\$ (251,999)	
Amortization of issuance premium	2,994	
Amortization of deferred amount on refunding	(44,400)	
Amortization of deferred charges	<u>(46,242)</u>	(339,647)

Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds:

Investment income		(34,567)
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Revenues that are measurable but not available are recorded as deferred revenue in the governmental funds

1,412,824

Change in net assets of governmental activities

\$ 17,315,209

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of the significant accounting policies of the Redevelopment Agency of the City of Buena Park (the Agency) in conformity with accounting principles generally accepted in the United States of America.

A. Relationship to the City of Buena Park:

The Agency is an integral part of the reporting entity of the City of Buena Park, California. The funds of the Agency have been included within the scope of the basic financial statements of the City because the City Council of the City of Buena Park is the governing board and is financially accountable for the operations of the Agency. Only the funds of the Agency are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Buena Park, California.

B. Basis of Accounting and Measurement Focus:

The basic financial statements of the Agency are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the Agency as a whole, except for its fiduciary activities. These statements include separate columns for the governmental funds of the Agency. The Agency has no business-type activities, fiduciary activities or discretely presented component units.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Government-wide Financial Statements (Continued)

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by the parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues, if any, are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the Agency is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Fund Financial Statements (Continued)

Fund financial statements for the Agency's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds. The Agency has no other governmental funds.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Agency uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Fund Financial Statements (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

C. Fund Classifications:

The following funds are presented as major funds in the accompanying basic financial statements:

The Low and Moderate Housing Fund is a special revenue fund used to account for the required 20% set-aside of property tax increments that is legally restricted for increasing or improving housing for low and moderate income households.

The Debt Service Fund is a debt service fund used to account for that portion of the Agency's tax increment revenue that is set-aside for interest and principal payments associated with all debts of the Agency.

The Capital Projects Fund is a capital project fund used to account for the financial resources of the development and redevelopment project areas, including acquisition of properties, cost of site improvements, other cost of benefits to the project area and administrative expenses incurred in sustaining the Agency.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Property Held for Resale:

Property held for resale is carried in the low and moderate housing fund and capital projects fund at the lower of acquisition cost or estimated net realizable value.

E. Cash and Investments:

Investments are reported in the accompanying basic financial statements at fair value, except for investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Agency's cash and investments held by fiscal agents are pledged to the payment or security of certain long-term issuances. 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 ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make.

F. Deferred Revenue:

Deferred revenue consists primarily of delinquent property taxes and deferred loans receivable that are measurable but not considered available to finance current operations in the fund financials. In the government-wide statements, these amounts are classified to the appropriate revenue source.

G. Deferred Charges:

Deferred bond issue costs totaled \$793,826, net of accumulated amortization, as of June 30, 2007. The costs are being amortized on a straight-line basis through 2024. Amortization expense totaled \$46,242 for the year ended June 30, 2007.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Use of Estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CREATION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK:

The Agency was created by Ordinance No. 823 of the Buena Park City Council, adopted on March 21, 1972. The Agency was established pursuant to the Community Redevelopment Law of California as codified in Part I of Division 24 of the State of California Health and Safety Code.

The principal objectives of the Agency are to upgrade residential neighborhoods, improve the commercial environment, generate added employment opportunities and strengthen the City of Buena Park's economic base. The principal project of the Agency is known as the Central Business District Redevelopment Project which was approved by Ordinance No. 1069 at the meetings of the Agency and the Buena Park City Council on December 3, 1979 and was amended by the addition of ten sub-areas approved by Ordinances No. 1115 through 1124 adopted by the Agency on November 16, 1981.

A second project of the Agency, known as Project Area II, was approved by Ordinance No. 1163 at the meetings of the Agency and the Buena Park City Council on October 1, 1984. Eminent domain was added to specific sub-areas by Ordinance No. 1204 adopted August 3, 1987 and Ordinance No. 1243 adopted May 7, 1990.

A third project area was approved on July 9, 1990 by Ordinance No. 1246 by the Agency and Buena Park City Council. This project area is known as Project Area III.

A fourth project area was approved on May 7, 2002 by Ordinance No. 1246 by the Agency and Buena Park City Council. This project area is known as Project Area IV.

On May 7, 2002, the Agency approved through Ordinance No. 1422, the Consolidated Redevelopment Project, which merged all existing project areas.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS:

Cash and investments are reported as follows:

Statement of Net Assets:

Cash and investments	\$ 50,031,693
Restricted cash and investments with fiscal agent	<u>2,346,807</u>
Total cash and investments	<u>\$ 52,378,500</u>

Cash and investments held by the Agency at June 30, 2007, consisted of the following:

Pooled with City of Buena Park	\$ 50,031,693
Escrow deposit	270,200
Cash and investments with fiscal agents	<u>2,076,607</u>
Total cash and investments	<u>\$ 52,378,500</u>

Amounts reported as restricted cash represent cash balances contractually restricted under terms of the Tax Allocation Bonds for bond covenants.

**Investments Authorized by the California Government Code and the Agency's Investment Policy:**

The table below identifies the investment types that are authorized for the Agency by the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

See independent auditors' report.



REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by the California Government Code and the Agency's Investment Policy (Continued):**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage or Amount Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Bonds and Notes	5 years	None	None
U.S. Government Sponsored			
Enterprise Securities	5 years	None	None
Banker's Acceptances Notes	180 days	20%	30%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	15%	None
Medium-Term Corporate Notes	5 years	30%	None
Commercial Paper	180 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	35%	None
Mutual Fund Administered by a Major Bank	5 years	\$ 500,000	None

N/A - Not Applicable

**Investments Authorized by Debt Agreements:**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Banker's Acceptance, Money Market Mutual Funds, Investment Agreements, Repurchase Agreements, Local agency Investment Fund of the State of California and any other investments permitted in writing by bond insurer.. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance and Certificates of Deposits which are limited to one year.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates 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 market interest rates. One of the ways that the Agency 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.

Information about the sensitivity of the fair values of the Agency's investments held by bond trustee to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>		<u>Total</u>
	<u>12 Months or Less</u>	<u>Over 60 Months</u>	
Held by Bond Trustee:			
Money Market Mutual Funds	\$ 404,642	\$ -	\$ 404,642
Investment Agreements	-	1,671,965	1,671,965
	<u>\$ 404,642</u>	<u>\$ 1,671,965</u>	<u>\$ 2,076,607</u>

**Disclosures Relating to Credit Risk:**

Generally, credit risk is 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 rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year end for each investment type:

<u>Investment Type</u>	<u>Total as of June 30, 2007</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Unrated</u>
Held By Bond Trustee:				
Money Market Mutual Funds	\$ 404,642	A	\$ 404,642	\$ -
Investment Agreements	1,671,965	N/A	-	1,671,965
Total	<u>\$ 2,076,607</u>		<u>\$ 404,642</u>	<u>\$ 1,671,965</u>

N/A - Not Applicable

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS (CONTINUED):

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**Disclosure Related to Interest Rate Risk, Credit Risk and Custodial Credit Risk:**

The Agency's cash and investments are pooled with the City of Buena Park's cash and investments. Additional disclosures regarding the \$50,031,693 pooled investments related to interest rate risk, credit risk and custodial credit risk are available in the City of Buena Park's Comprehensive Annual Financial Report.

4. LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007	Due within One Year
Tax Allocation Bonds	\$ 27,985,000	\$ -	\$ (1,395,000)	\$ 26,590,000	\$ 1,440,000
Add (less) deferred amounts:					
For issuance premium	54,381	-	(2,994)	51,387	-
On advance refunding	(403,298)	-	44,400	(358,898)	-
Total tax allocation bonds	27,636,083	-	(1,353,594)	26,282,489	1,440,000
Loan payable	4,318,718	-	-	4,318,718	-
Advances from the City of Buena Park	8,668,864	564,509	(381,800)	8,851,573	-
Totals	<u>\$ 40,623,665</u>	<u>\$ 564,509</u>	<u>\$ (1,735,394)</u>	<u>\$ 39,452,780</u>	<u>\$ 1,440,000</u>

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

4. LONG-TERM LIABILITIES (CONTINUED):

A. Tax Allocation Bonds:

Tax Allocation Bonds, Series 2000

\$8,265,000 Tax Allocation Bonds, Series 2000; issued February 2, 2000; \$8,265,000 of serial bonds are due in annual principal installments of \$525,000 to \$750,000 through September 1, 2014; bonds maturing on or after September 1, 2008 are subject to optional redemption on or after September 1, 2007; secured by tax increment revenues; interest ranging from 4.00% to 5.40%. A financial guarantee insurance policy has been issued, and accordingly, no cash reserve balance is required to be established. At June 30, 2007, the outstanding balance was \$5,040,000.

The debt service requirements to maturity are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 525,000	\$ 243,865	\$ 768,865
2009	550,000	218,328	768,328
2010	580,000	190,918	770,918
2011	610,000	161,458	771,458
2012	640,000	129,888	769,888
2013	675,000	95,849	770,849
2014	710,000	59,315	769,315
2015	750,000	20,250	770,250
Totals	<u>\$ 5,040,000</u>	<u>\$ 1,119,871</u>	<u>\$ 6,159,871</u>

2003 Tax Allocation Refunding Bonds

On July 2, 2003, the Redevelopment Agency of the City of Buena Park issued \$24,055,000 of Tax Allocation Bonds to provide funds to advance refund the 1992 Refunding Tax Allocation Bond Series A and B issued by the Agency. The 2003 Bonds were issued at a premium of \$63,363. This premium is being amortized on a straight-line basis as interest expense through 2024. The advance refunding met the requirements of an in-substance defeasance and the 1992 Tax Allocation Bonds were removed from the Agency's long-term debt. The principal balance on the 1992 Tax Allocation Bonds were paid off on September 2, 2003.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

4. LONG-TERM LIABILITIES (CONTINUED):

A. Tax Allocation Bonds (Continued):

2003 Tax Allocation Refunding Bonds (Continued)

The 2003 Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's \$8,265,000 aggregate principal amount of the 2000 Refunding Tax Allocation Bonds. The reserve requirement of \$1,658,129 is covered by \$1,671,980 held in a reserve fund by the fiscal agent for the bonds.

The Bonds are payable in annual installments ranging from \$915,000 to \$1,600,000 until maturity on September 1, 2024. Interest is payable semiannually on March 1 and September 1, with rates ranging from 2.0% to 4.2% per annum. Bonds outstanding at June 30, 2007 were \$21,550,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$495,798. This difference, reported in the accompanying financial statements as a reduction from bonds payable, is being charged to interest expense through the year 2014.

Future debt service requirements on these bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 915,000	\$ 742,766	\$ 1,657,766
2009	935,000	720,785	1,655,785
2010	960,000	696,618	1,656,618
2011	985,000	670,840	1,655,840
2012	1,010,000	643,655	1,653,655
2013 - 2017	5,535,000	2,721,471	8,256,471
2018 - 2022	6,590,000	1,624,973	8,214,973
2023 - 2025	<u>4,620,000</u>	<u>293,050</u>	<u>4,913,050</u>
Subtotals	21,550,000	8,114,158	29,664,158
Add (less) deferred amounts:			
Issuance premium	51,387	-	51,387
On advance refunding	<u>(358,898)</u>	<u>-</u>	<u>(358,898)</u>
Totals	<u>\$ 21,242,489</u>	<u>\$ 8,114,158</u>	<u>\$ 29,356,647</u>

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

4. LONG-TERM LIABILITIES (CONTINUED):

B. Loan Payable:

A loan was made by a developer, in the amount of \$4,318,718, to the Redevelopment Agency of the City of Buena Park for the acquisition of real property. Interest compounded annually at 8%. Quarterly payments are due in amounts that at least equal 40.00% of the sales tax revenue, generated on the property, and received and retained by the City. As of June 30, 2007 the amount outstanding was \$5,326,669, including accrued unpaid interest of \$1,007,951. The term of the loan ends May 2014, at which time any unpaid principal and interest will be forgiven by the developer. For this reason, accrued unpaid interest is not included in the principal balance for this loan payable.

Total estimated debt service schedule for the loan payable (based on estimated annual sales tax revenue of \$500,000) are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ -	\$ 200,000	\$ 200,000
2009	-	200,000	200,000
2010	-	200,000	200,000
2011	-	200,000	200,000
2012	-	200,000	200,000
2013 - 2014	-	400,000	400,000
Subtotals	-	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>
Estimated amount to be forgiven	<u>4,318,718</u>		
Totals	<u>\$ 4,318,718</u>		

C. Advances from the City of Buena Park:

The Agency has borrowed \$8,851,573 from the City of Buena Park for use in its redevelopment activities. There are no stipulated due dates for the payment of principal and interest and interest accrues at rates ranging from 3.07% to 10.00%.

5. RESTATEMENT OF NET ASSETS:

The net assets at July 1, 2006 were increased by \$1,128,447 to \$25,755,344 to adjust the loans receivable balance for deferred loans not previously included on the government-wide statement of net assets.

See independent auditors' report.

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**REQUIRED SUPPLEMENTARY INFORMATION**



REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

BUDGETARY COMPARISON SCHEDULE

LOW AND MODERATE HOUSING SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,200,000	\$ 3,200,000	\$ 4,927,826	\$ 1,727,826
Intergovernmental	100,000	100,000	210,675	110,675
Investment income	376,510	376,510	739,196	362,686
Other revenues	8,930	8,930	17,860	8,930
<b>TOTAL REVENUES</b>	<b>3,685,440</b>	<b>3,685,440</b>	<b>5,895,557</b>	<b>2,210,117</b>
<b>EXPENDITURES:</b>				
Development:				
Project development costs	1,297,340	1,316,595	1,272,489	44,106
Salaries	150,170	152,670	148,924	3,746
Debt service:				
Principal payments	178,660	178,660	178,657	3
Interest and other charges	128,260	128,260	128,260	-
<b>TOTAL EXPENDITURES</b>	<b>1,754,430</b>	<b>1,776,185</b>	<b>1,728,330</b>	<b>47,855</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,931,010</b>	<b>1,909,255</b>	<b>4,167,227</b>	<b>2,257,972</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>12,566,719</b>	<b>12,566,719</b>	<b>12,566,719</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 14,497,729</b>	<b>\$ 14,475,974</b>	<b>\$ 16,733,946</b>	<b>\$ 2,257,972</b>

See independent auditors' report and note to required supplementary information.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2007

1. BUDGET AND BUDGETARY ACCOUNTING:

The Agency adopted an annual budget prepared on the modified accrual basis for the Special Revenue Fund, which is consistent with accounting principles generally accepted in the United States of America. The Debt Service and Capital Projects Funds budgets were not presented because these funds of the Agency are primarily "long-term" budgets which emphasize major programs and capital outlay plans extending over a number of years. Because of the long-term nature of projects, annual budget comparisons are not considered meaningful and, accordingly, no budgetary information is included in the accompanying financial statements.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

COMPUTATION OF THE EXCESS SURPLUS OF THE  
LOW AND MODERATE HOUSING SPECIAL REVENUE FUND

July 1, 2006

	<u>All Project Areas</u>
OPENING FUND BALANCE - JULY 1, 2006	\$ 12,566,719
LESS UNAVAILABLE AMOUNTS:	
Amount encumbered	<u>(1,200,000) (a)</u>
AVAILABLE LOW/MODERATE INCOME HOUSING FUNDS	11,366,719
LIMITATION (GREATER OF \$1,000,000 OR FOUR YEARS SET-ASIDE):	
Set-aside for last four years:	
2005 - 2006	\$ 3,985,629
2004 - 2005	3,080,433
2003 - 2004	2,048,178
2002 - 2003	<u>1,555,995</u>
TOTAL SET-ASIDE FOR LAST FOUR YEARS	<u>\$ 10,670,235</u>
Base limitation	<u>\$ 1,000,000</u>
GREATER AMOUNT	<u>10,670,235</u>
COMPUTED EXCESS SURPLUS - JULY 1, 2006	<u>\$ 696,484</u>

(a) Reflects \$1,200,000 reserved for Dorado Senior Apartments, L.P. pursuant to Development and Disposition Agreement signed on September 10, 2002 and amended March 25, 2003, July 22, 2003 and July 13, 2004.

See independent auditors' report.



**DIEHL, EVANS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2121 ALTON PARKWAY, SUITE 100  
IRVINE, CALIFORNIA 92606-4956  
(949) 399-0600 • FAX (949) 399-0610  
[www.diehlevents.com](http://www.diehlevents.com)

MICHAEL R. LUDIN, CPA  
CRAIG W. SPRAKER, CPA  
NITIN P. PATEL, CPA  
ROBERT J. CALLANAN, CPA  
\*PHILIP H. HOLTkamp, CPA  
\*THOMAS M. PERLOWSKI, CPA  
\*HARVEY J. SCHROEDER, CPA  
KENNETH R. AMES, CPA

\*A PROFESSIONAL CORPORATION

November 28, 2007

**INDEPENDENT AUDITORS' 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**

Board of Directors  
Redevelopment Agency of the  
Of the City of Buena Park  
Buena Park, California

We have audited the financial statements of the governmental activities and each major fund for the Redevelopment Agency of the City of Buena Park (the Agency) as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 28, 2007. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control

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OTHER OFFICES AT:

2965 ROOSEVELT STREET  
CARLSBAD, CALIFORNIA 92008-2389  
(760) 729-2343 • FAX (760) 729-2234

613 W. VALLEY PARKWAY, SUITE 330  
ESCONDIDO, CALIFORNIA 92025-2598  
(760) 741-3141 • FAX (760) 741-9890

## Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies over material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Redevelopment Agency of the City of Buena Park free of material misstatements, 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. Such provisions included those provisions of laws and regulations identified in the Guidelines For Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. 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 two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Pursuant to California Health and Safety Code Section 33080.4, a property report must be provided and submitted to the Agency's legislative body and the State Controller on an annual basis. For the fiscal year ended June 30, 2006, a property report was not produced and submitted as required.

Pursuant to California Health and Safety Code Section 33080.1, an independent auditors' report on the financial statements and on legal compliance must be submitted to the Board of Directors within six months of the end of the fiscal year. For the fiscal year ended June 30, 2006, such reports were not submitted in a timely manner.

This report is intended solely for the information and use of the Board of Directors and management of the Redevelopment Agency of the City of Buena Park and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specific parties.

*Diell, Evans and Company, LLP*

## APPENDIX D

### FORM OF BOND COUNSEL OPINION

March \_\_, 2008

Community Redevelopment Agency of the City of Buena Park  
6650 Beach Boulevard  
Buena Park, California 90621

OPINION: \$48,800,000 Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A

#### Members of the Agency:

We have acted as bond counsel in connection with the issuance by the Community Redevelopment Agency of the City of Buena Park (the "Agency") of \$48,800,000 Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A (the "Bonds"), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), and an Indenture of Trust, dated as of February 1, 2000, as amended and supplemented, including as amended and supplemented a Second Supplement to Indenture of Trust, dated as of February 1, 2008 (as amended and supplemented, the "Indenture"), both by and between the Agency and Union Bank of California, N.A., as trustee. We have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is duly created and validly existing as a public body, corporate and politic, under the laws of the State of California, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with other obligations (if any) issued or to be issued under the Indenture, subject to no prior lien granted under the Law.

4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Community Redevelopment Agency of the City of Buena Park (the "Agency") in connection with the issuance by the Agency of its \$48,800,000 Community Redevelopment Agency of the City of Buena Park, Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2000, as supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003, and a Second Supplement to Indenture of Trust, dated as of February 1, 2008 (as supplemented, the "Indenture"), each between the Agency and Union Bank of California, N.A. (the "Trustee"). The Agency hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

*"Annual Report"* shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*"Dissemination Agent"* shall mean Union Bank of California, N.A., or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

*"Listed Events"* shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

*"National Repository"* shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Internet at [www.sec.gov/consumer/nrmsir.htm](http://www.sec.gov/consumer/nrmsir.htm)

*"Official Statement"* shall mean the final Official Statement dated February 26, 2008, relating to the Bonds.

*"Participating Underwriter"* shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering the Bonds.

*"Repository"* shall mean each National Repository and each State Repository.

*"Rule"* shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.



“*State Repository*” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Agency’s fiscal year (which currently would be December 31 based upon the Agency’s current June 30 fiscal year), commencing by December 31, 2008 with the report for the 2007-08 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(d) Notwithstanding the foregoing, so long as the Securities and Exchange Commission has not withdrawn the interpretive advice in its letter dated September 7, 2004 to the Texas Municipal Advisory Council (the “MAC”), the Agency, or the Dissemination Agent on the District’s behalf, may transmit the Annual Report or any other filing required under this Disclosure Agreement solely to the MAC as provided at <http://www.disclosureusa.org> in lieu of sending the Annual Report to each Repository.

Section 4. Content of Annual Reports. The Agency’s Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement for the Bonds, as follows:

(i) summary of Agency indebtedness payable from tax increment generated with respect to the Consolidated Redevelopment Project Area (the "Project Area"), including the amount outstanding as of June 30 of the preceding fiscal year;

(ii) updates to the historical assessed valuation of the Project Area for the preceding fiscal year in substantially the form of Tables #7 through 11 (Historical Assessed Valuation by Constituent Project) in the Official Statement.

(iii) statement of largest property tax payers in the Project Area for the preceding fiscal year in substantially the form of Table #6 (Ten Largest Property Tax Payers) in the Official Statement.

(iv) summary of assessed values and Tax Revenues in substantially the form of Table #2 (Summary of Consolidated Redevelopment Project (Constituent Projects)) in the Official Statement; and

(v) debt service coverage for the most recent fiscal year in substantially the form of Table #12 (Projected Taxable Value, Tax Revenues, and Debt Service Coverage) in the Official Statement.

(vi) summary of assessed valuation appeals activity in the Project Area for the preceding year in substantially the form of such appeals activity information under the heading "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Appeals of Assessed Values" in the Official Statement, but only if total pending and successful appeals for the preceding fiscal year exceed, in the aggregate, 10% of assessed value in the Project Area; and

(vii) summary of property tax collections in the Project Area in substantially the form of Table #4 (Tax Collections) in the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities,

which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.

(11) Rating changes.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Union Bank of California, N.A. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Bondholders, or any other party.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of the Dissemination Agent):

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be arm action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder,

including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Counterpart. This Disclosure Certificate may be executed in counterpart, each of which shall constitute an original signature page thereof.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, any Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 6, 2008

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK

By: \_\_\_\_\_  
Treasurer

ACKNOWLEDGED AND CONSENTED TO:

\_\_\_\_\_  
UNION BANK OF CALIFORNIA, N.A., as  
Dissemination Agent

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Community Redevelopment Agency of the City of Buena Park

Name of Bond Issue: Community Redevelopment Agency of the City of Buena Park,  
Consolidated Redevelopment Project 2008 Tax Allocation Bonds,  
Series A

Date of Issuance: March 6, 2008

NOTICE IS HEREBY GIVEN that the Community Redevelopment Agency of the City of Buena Park (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture of Trust, dated as of June 1, 2003, and a Second Supplement to Indenture of Trust, dated as of February 1, 2008, each by and between the Agency and Union Bank of California, N.A., as trustee. The Agency anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK

By \_\_\_\_\_  
Executive Director

cc: Trustee

## APPENDIX F

### BOOK ENTRY ONLY SYSTEM

*The information in this Appendix F concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details



of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agency, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

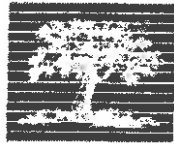
The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

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**APPENDIX G**  
**FINANCIAL ADVISOR'S PROJECTED TAX REVENUES REPORT**

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HARRELL & COMPANY  
ADVISORS, LLC

## PROJECTED TAX REVENUES

### Tax Allocation Financing

The Redevelopment Law and the California Constitution provide a method for financing and refinancing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, is established and becomes the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, will receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes as indicated above.

### Tax Increment Revenues

As provided in each of the Redevelopment Plans for the constituent project areas (the constituent project areas are individually referred to herein as "Redevelopment Projects" and the project area resulting from the merger of the Redevelopment Projects is referred to herein as the "Project Area"), and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Redevelopment Projects each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of each constituent Redevelopment Plan, will be divided as follows:

1. To Taxing Agencies: The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said Taxing Agencies, as defined herein, upon the total sum of the assessed value of the taxable property in the project area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized prior to the establishment of the project area will be allocated to, and when collected will be paid into, the funds of the respective Taxing Agencies as taxes by or for said Taxing Agencies; and
2. To the Agency: The portion of such levied taxes each year in excess of such amount will be allocated to, and when collected, will be paid into a special fund of the Agency to the extent necessary to pay indebtedness of the Agency.

**Manner in Which Property Valuations and Assessments are Determined (Article XIII A).** On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment."

This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the California Constitution, redevelopment agencies are prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 (see "Property Tax Rate" below).

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

For each fiscal year since Article XIII A has become effective (the 1978/79 fiscal year), the annual increase for inflation has been at least 2% except in six fiscal years. For the 1981/82 fiscal year, the annual increase for inflation was 1%; for the 1994/95 fiscal year, the annual increase for inflation was 1.0119%; for the 1995/96 fiscal year, the annual increase for inflation was 1.19%; for the 1996/97 fiscal year, the annual increase for inflation was 1.11%, for the 1998/99 fiscal year, the annual increase for inflation was 1.853% and for the 2004/05 fiscal year, the annual increase for inflation was 1.867%, reflecting the actual increase in the State Consumer Price Index, as reported by the State Department of Finance.

**Proposition 8 Adjustments.** Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. However, in 2001 an Orange County Superior Court held that such reassessment formula violates the inflationary rate increase limitation of Article XIII A of the California Constitution. The Court held that once the assessed value of a property is reduced pursuant to Proposition 8, any subsequent increase in assessed value may not exceed the inflationary rate limitation (not to exceed 2%) of Article XIII A. On April 18, 2003, the Superior Court entered its final judgment. On June 12, 2003, the Orange County Assessor, together with the Tax Collector and the County of Orange filed notice of appeal of the Superior Court Judgment. The Appellate Court held a hearing on the matter on January 7, 2004, and issued its opinion on March 26, 2004, reversing the holding of the Orange County Superior Court. The Plaintiffs filed an appeal with the California State Supreme Court and on July 21, 2004, the California State Supreme Court by a 5-2 vote decided not to hear an appeal, ending this litigation.

**Unsecured and Secured Property.** In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the Orange County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding fiscal year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31, and such taxes are levied at the prior year's secured tax rate.

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

Currently, a 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. Property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Under State law, from time of the sale of the property to the State for nonpayment of taxes, owners have five years to redeem, during which time legal title remains in the owners as taxpayers subject to a lien in favor of the County. The amount necessary to redeem the property is equal to the sum of the delinquent taxes, delinquency penalties and redemption penalties of 1½% per month. Five years after the property is in default of taxes, the tax collector has the authority to sell property which has not been redeemed.

A 10% penalty also attaches to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1½% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

**Supplemental Assessments.** Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

**Unitary Property.** Commencing in the 1988/89 fiscal year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 fiscal year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").



The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

**Property Tax Rate.** There are numerous tax rate areas within the Project Area. The differences between the \$1.00 tax rate and those actually levied (referred to as the "tax override rate") represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Tax override rates typically decline each year. A declining tax override rate is the result of several factors: an effective limit, established by Article XIII A of the California Constitution, on the amount of property taxes that can be levied; rising taxable values within the jurisdictions of taxing entities levying the approved override rate (which reduces the tax rate needed to be levied by the taxing entity to meet debt service requirements); and the eventual retirement, over time, of the voter-approved debt.

For fiscal year 2007/08 the effective tax rate, including the effective tax override rate, for the majority of the property in the Project Area was approximately \$1.0656% per \$100 of taxable value.

**Administrative Costs.** In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Such administrative fees are estimated to be approximately 0.55% of Tax Increment Revenues.

## **Redevelopment Plans**

The City Council approved and adopted the Redevelopment Plan for the Central Business District Redevelopment Project on December 3, 1979, pursuant to Ordinance No. 1069. It was subsequently amended on November 16, 1981 pursuant to Ordinance Nos. 1115 through 1124 to include additional area (referred to herein as the "Amendment Area"). The Redevelopment Plan was also amended on July 20, 1992 pursuant to Ordinance No. 1285 to approve certain eminent domain time limitations, on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290 (see "Plan Limitations" below), again on October 26, 1999 pursuant to Ordinance No. 1395 to establish the last date to incur indebtedness, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045 and on March 27, 2007 pursuant to Ordinance No. 1496 to extend the plan limits by two years under the provisions of SB 1096.

The City Council approved and adopted the Redevelopment Plan for Project Area No. II on October 1, 1984, pursuant to Ordinance No. 1163. It was subsequently amended on August 3, 1987 pursuant to Ordinance No. 1204 to extend eminent domain powers to certain property, on May 7, 1990 pursuant to Ordinance No. 1243 to extend eminent domain powers to certain property, on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045 and on March 27, 2007 pursuant to Ordinance No. 1496 to extend the plan limits by two years under the provisions of SB 1096.

The City Council approved and adopted the Redevelopment Plan for Project Area No. III on July 9, 1990, pursuant to Ordinance No. 1246. It was subsequently amended on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, and on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for Project Area No. IV on May 7, 2002, pursuant to Ordinance No. 1421. It was subsequently amended on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045.

The City Council concluded proceedings to merge the four redevelopment projects on May 7, 2002 and adopted Ordinance No. 1422, creating the Buena Park Consolidated Redevelopment Project Area. The ordinance also amended the last date for the Agency to incur debt with respect to the Central Business District Redevelopment Project and Project Area No. II, increased the maximum tax increment to be allocated to the Central Business District Redevelopment Project to \$250,000,000 and added a combined limit on bonded indebtedness for the Buena Park Consolidated Redevelopment Project Area of \$380,000,000.

On June 26, 2007, the City Council adopted Ordinance No. 1501 to amend the Redevelopment Plan for the Buena Park Consolidated Redevelopment Project Area to expand the list of redevelopment activities that the Agency may undertake in the Project Area. On January 22, 2008, the City Council adopted Ordinance No. 1513 to make technical corrections to the Redevelopment Plan.

## **Plan Limitations**

The Redevelopment Plan for the Project Area imposes certain limitations on the amount of Tax Increment Revenues that the Agency may be allocated from the constituent redevelopment projects. In 1993, the State Legislature adopted Assembly Bill 1290 (AB 1290), which imposed certain time limitations on (1) the allocation of Tax Increment Revenues to a redevelopment project, (2) the effectiveness of a redevelopment plan and (3) the incurrence of debt. Prior to subsequent changes, Section 33333.6 of the Redevelopment Law provided that a redevelopment agency may not pay indebtedness or receive property taxes pursuant to Section 33670 of the Redevelopment Law after ten years from the termination of the effectiveness of a redevelopment plan (which was limited to the later of January 1, 2009 or 40 years after the adoption of such redevelopment plan). In 1998, the State Legislature adopted Assembly Bill 1342 (AB 1342), which allowed redevelopment agencies to extend plan limitations to such maximum terms without having to comply with the statutory plan amendment process if such agency's existing plan limits were shorter. In 2002, the State Legislature adopted Senate Bill 211 (SB 211), allowing the elimination of the Agency's limitation on incurring debt.

More recently, Senate Bill 1045 (SB 1045) provided that the governing body could adopt an ordinance to extend the limits on the termination of redevelopment plans approved prior to 1994 and the authority to collect Tax Increment Revenues by one additional year if the Agency was required to make a payment to ERAF in 2003/04, and Senate Bill 1096 (SB 1096) provided that the governing body could, with respect to redevelopment plans with less than 20 years remaining, adopt an ordinance to extend the limits on the termination of redevelopment plans and the authority to collect Tax Increment Revenues by one additional year for each ERAF payment if the Agency was required to make a payment to ERAF in 2004/05 and 2005/06. Even though the constituent redevelopment projects have been merged, the limitations established with respect to a constituent redevelopment project continue to apply to such constituent redevelopment project, except with respect to the limitation on the maximum Tax Increment Revenues and on maximum outstanding bonded indebtedness as described below.

The limitations imposed by the respective Redevelopment Plans are as follows:

<u>Project Area</u>	<u>Maximum Tax Increment Revenues</u>	<u>Plan Expiration Date</u>	<u>Last Date to Incur Debt</u>	<u>Last Date to Collect Tax Increment</u>
CBD Project and Amendment	\$250,000,000	Dec. 3, 2022/ Nov. 16, 2024	None	Dec. 3, 2032/ Nov. 16, 2034
Project Area II	\$150,000,000	Oct. 1, 2027	None	Oct. 1, 2037
Project Area III	\$405,000,000	July 9, 2031	None	July 9, 2041
Project Area IV	None <sup>(1)</sup>	May 7, 2033	May 7, 2022	May 7, 2048

<sup>(1)</sup> As a post-1994 redevelopment project, the Project Area IV is not required to have a limit on total tax increment revenue.

As of June 30, 2007, the Agency had received Tax Increment Revenues of approximately \$75,695,000 with respect to the CBD Project and Amendment, approximately \$34,350,000 with respect to Project Area II and approximately \$12,357,000 with respect to Project Area III. Based on the projection included herein, the Agency expects to reach the limit on maximum Tax Increment Revenues with respect to the CBD Project and Amendment in 2029, and with respect to Project Area II in 2034. The Project Area has a combined limitation on bonded indebtedness of \$380,000,000.

## **Low and Moderate Income Housing**

In 1976, the Redevelopment Law was amended to require that for every redevelopment plan adopted after January 1, 1977, or any area which is added to a redevelopment project by an amendment to a redevelopment plan after January 1, 1977, not less than 20% of Tax Increment Revenues must be set aside annually for the purpose of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs to persons and families of very low, low or moderate income households. In 1985, the Redevelopment Law was further amended to add substantially the same requirements with respect to plans adopted prior to January 1, 1977.

Under the Redevelopment Law, the portion of Tax Increment Revenues which are required to be deposited in the Agency's Low and Moderate Income Housing Fund may be applied to pay the portion of debt service on any bonds to the extent the proceeds thereof were expended for qualifying low- and moderate-income housing projects. A portion of the proceeds from bonds issued by the Agency in 1988 were set aside in the Agency's Low and Moderate Income Housing Fund. Those bonds were refinanced with a portion of the proceeds of the Agency's 2000 bonds. Therefore approximately \$82,000 of the annual debt service on the 2000 bonds may be paid from amounts otherwise required to be deposited in the Low and Moderate Income Housing Fund (the "Housing Amount").

In addition, the Agency entered into a settlement agreement with respect to the formation of Project Area III which requires the Agency to set aside an additional 5% of gross Low and Moderate Income Housing Fund.

## Land Use

The relative acreage from each of the constituent redevelopment projects comprising the Project Area is shown below:

Central Business District	208 Acres
Central Business District Amendment Area	300 Acres
Project Area II	311 Acres
Project Area III	200 Acres
Project Area IV	<u>2,921 Acres</u>
	3,940 Acres

Assessed value by land use within each constituent redevelopment project is as follows:

	<u>CBD</u>	<u>CBD Amendment</u>	<u>Project Area II</u>	<u>Project Area III</u>	<u>Project Area IV</u>	<u>Combined</u>
Residential	26%	53%	22%	34%	59%	52%
Commercial	56%	32%	52%	42%	9%	20%
Industrial	2%	9%	3%	0%	17%	13%
Vacant	2%	0%	2%	0%	1%	1%
Other	<u>3%</u>	<u>1%</u>	<u>10%</u>	<u>12%</u>	<u>6%</u>	<u>6%</u>
	89%	95%	89%	88%	92%	92%
Unsecured	<u>11%</u>	<u>5%</u>	<u>11%</u>	<u>12%</u>	<u>8%</u>	<u>8%</u>
Total	100%	100%	100%	100%	100%	100%

## Historical Assessed Value

Historical assessed value for each constituent Redevelopment Project are shown in the tables below.

**TABLE NO. 1  
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08 <sup>(1)</sup>
Secured <sup>(1)</sup>	\$103,389,842	\$118,482,294	\$127,867,020	\$146,273,054	\$152,448,483
Unsecured <sup>(1)</sup>	<u>17,088,710</u>	<u>20,262,404</u>	<u>20,700,006</u>	<u>26,856,683</u>	<u>18,551,087</u>
Total	\$120,478,552	\$138,744,698	\$148,567,026	\$173,129,737	\$170,999,570
Less: Base year <sup>(2)</sup>	<u>(18,194,156)</u>	<u>(18,111,356)</u>	<u>(18,083,556)</u>	<u>(17,573,596)</u>	<u>(17,451,956)</u>
Incremental Increase	\$102,284,396	\$120,633,342	\$130,483,470	\$155,556,141	\$153,547,614

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

(3) The overall decrease in assessed value can be attributed to a former Nabisco Manufacturing Plant that was sold in 2006. The equipment was removed and the facility was demolished.

Source: Orange County Auditor-Controller.

**TABLE NO. 2  
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT – AMENDMENT AREA  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$409,870,913	\$426,507,411	\$428,889,078	\$466,231,609	\$498,951,838
Unsecured <sup>(1)</sup>	<u>26,301,121</u>	<u>20,306,216</u>	<u>20,393,815</u>	<u>24,926,436</u>	<u>26,560,195</u>
Total	\$436,172,034	\$446,813,627	\$449,282,893	\$491,158,045	\$525,512,033
Less: Base year <sup>(2)</sup>	<u>(64,411,942)</u>	<u>(64,411,942)</u>	<u>(64,411,942)</u>	<u>(64,411,942)</u>	<u>(64,339,433)</u>
Incremental Increase	\$371,760,092	\$382,401,685	\$384,870,951	\$426,746,103	\$461,172,600

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 3  
PROJECT AREA II  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$285,044,385	\$298,730,685	\$328,612,075	\$344,701,522	\$368,749,522
Unsecured <sup>(1)</sup>	<u>36,177,062</u>	<u>38,016,806</u>	<u>38,943,001</u>	<u>45,500,207</u>	<u>46,003,180</u>
Total	\$321,221,447	\$336,747,491	\$367,555,076	\$390,201,729	\$414,752,702
Less: Base year <sup>(2)</sup>	<u>(101,098,224)</u>	<u>(101,073,568)</u>	<u>(101,073,568)</u>	<u>(100,589,532)</u>	<u>(100,551,145)</u>
Incremental Increase	\$220,123,223	\$235,673,923	\$266,481,508	\$289,612,197	\$314,201,557

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 4  
PROJECT AREA III  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$184,301,736	\$220,431,384	\$247,452,674	\$273,951,598	\$305,089,741
Unsecured <sup>(1)</sup>	<u>9,689,176</u>	<u>17,824,854</u>	<u>21,383,234</u>	<u>21,849,579</u>	<u>43,194,505</u>
Total	\$193,990,912	\$238,256,238	\$268,835,908	\$295,801,177	\$348,284,246
Less: Base year <sup>(2)</sup>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>
Incremental Increase	\$104,849,661	\$149,114,987	\$179,694,657	\$206,659,926	\$259,142,995

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 5  
PROJECT AREA IV  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$1,837,172,350	\$2,017,579,288	\$2,331,579,697	\$2,546,754,084	\$2,847,706,666
Unsecured <sup>(1)</sup>	<u>26,620,550</u>	<u>249,127,639</u>	<u>202,668,927</u>	<u>239,665,976</u>	<u>216,005,962</u>
Total	\$1,863,792,900	\$2,266,706,927	\$2,534,248,624	\$2,786,420,060	\$3,063,712,628
Less: Base year <sup>(2)</sup>	<u>(1,857,250,132)</u>	<u>(1,857,031,282)</u>	<u>(1,857,182,321)</u>	<u>(1,857,182,321)</u>	<u>(1,857,182,321)</u>
Incremental Increase	\$ 6,542,768	\$ 409,675,645	\$ 677,066,303	\$ 929,237,739	\$1,206,530,307

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

## Major Taxpayers

The ten largest property taxpayers represent 10.4% of the 2007/08 total assessed value of the Project Area.

**TABLE NO. 6  
CONSOLIDATED PROJECT AREA  
TEN LARGEST TAXPAYERS AS A PERCENT OF 2007/08 ASSESSED VALUE**

<u>Taxpayer</u>	<u>2007/08 Assessed Value</u>	<u>% of Assessed Value</u>	<u>Constituent Redevelopment Project</u>	<u>Land Use</u>
PRI Buena Park Ind. CA LLC	\$121,800,000	2.7%	Project Area IV	Industrial Park
Coventry II DDR Buena Park LLC	100,023,960	2.2%	Project Area III/ CBD Amendment	Commercial (Mall)
Lennar Homes CA Inc	36,720,000	0.8%	Project Area III	Vacant Residential
Olson 737 Buena Park 3 LLC	35,886,921	0.8%	Project Area IV	Residential
LBA Realty Fund Holding Co. II LLC	34,949,846	0.8%	CBD Amendment	Industrial Park
Alticor Inc.	30,660,573	0.7%	Project Area IV	Manufacturing./Distribution
J C Penney Properties Inc.	28,417,444	0.6%	Project Area IV	Warehouse
Oltmans/SC Investments	26,531,107	0.6%	CBD Amendment	Industrial
Amway Corporation	26,500,342	0.6%	Project Area IV	Manufacturing/Warehouse
HK Fullerton LLC	<u>25,646,068</u>	<u>0.6%</u>	Project Area III	Commercial Center
	\$467,136,261	10.4%		

Source: Community Redevelopment Agency of the City of Buena Park.

## Tax Collections

The tables below represent the collection rates for taxes paid in the year levied in the constituent project areas.

**TABLE NO. 7  
CONSOLIDATED PROJECT AREA  
TAX COLLECTIONS**

Fiscal Year	Original Levy <sup>(1)</sup>	Supplemental/ Adjustments	Remitted to Agency <sup>(2)</sup>	Collection Percentage <sup>(3)</sup>
2002/03	\$ 7,520,207	\$ 210,208	\$ 7,678,285	99.3%
2003/04	9,368,348	1,456,168	10,450,863	96.0%
2004/05	13,116,712	2,166,144	15,176,961	99.2%
2005/06	16,503,838	1,794,908	18,917,088	103.7%
2006/07	20,205,254	4,455,575	24,133,946	97.4%

<sup>(1)</sup> Based on the August 20 Equalized Roll.

<sup>(2)</sup> Includes supplemental assessments, collection of prior years' delinquent taxes, penalties, current year delinquencies, refunds, impounds but excludes and county administrative charges and allocated interest.

<sup>(3)</sup> Based on data provided by Orange County, these percentages represent the payment of taxes in the year actually levied.

Source: Orange County Auditor-Controller.

## Assessment Appeals

As of January 2008, there are 39 appeals pending within the Project Area, of which 29 relate to property values assessed on the 2007/08 tax roll. The remaining 10 pending appeals relate to prior years' tax rolls.

The 2007/08 tax roll value under appeal is \$74,395,890. One of the appeals was filed by Lennar Homes of California ("Lennar"), one of the largest taxpayers in the Project Area. The property value under appeal by Lennar is \$36,720,000. There are no other appeals currently pending with respect to any of the other ten largest taxpayers in the Project Area.

In the last 5 years, 32% of properties for which appeals were filed were successful in obtaining a reduction in value, and that reduction has averaged approximately 12% of the original assessment. However, for 2006/07, the average reduction granted was 37%, because US Union Tool was granted a 45% reduction in their \$17 million assessed value. This reduction was primarily related to unsecured personal property values. Excluding the US Union Tool appeal, the average reduction for successful appeals was 17%.

## Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as "tax sharing agreements" or "pass through agreements." The following describes the agreements entered into with respect to Project Area II and Project Area III.



## **Project Area II**

County of Orange General Fund and Flood Control District. Pursuant to its agreement with Orange County, including the General Fund and Flood Control, the Agency is to pay the County 100% of its share of Tax Increment derived from the annual 2% (or less) inflation adjustment, 50% of the General Fund share in excess of the inflation revenue, and 80% of the Flood Control share in excess of the inflation revenue.

Orange County Water District. In each year, commencing with fiscal year 1985/86, the Agency will pay to the Water District a sum equal to 50% of the Water District share of the tax increment revenues.

Buena Park Library District. The Library District is to receive 100% of its share of Tax Increment derived from the annual inflation adjustment, and 80% of tax increment in excess of the inflation revenue. This obligation is subordinate to bond indebtedness.

Anaheim Union High School District. The Agency pays the District 12% of the District's share of tax increment derived from that portion of the project (approximately 20%) that is attributed to the District.

Fullerton Union High School District. The Agency pays the District 12% of the District's share of tax increment derived from the portion of the project (approximately 80%) that is attributed to the District.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 25% of the Board's share of tax increment from Project Area II.

## **Project Area III**

County of Orange General Fund and Harbors Beaches, and Parks. Pursuant to its agreement with Orange County General Fund and Harbors Beaches and Parks, the Agency is to pay 55% of their combined share (7.07%) share of general levy tax increment.

Orange County Flood Control. The Orange County Flood Control District receives 100% of its share (1.82%) of general levy tax increment.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 100% of its share (3.40%) of Tax Increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.

Orange County Vector Control. Pursuant to its agreement with the Orange County Vector Control department, the Agency pays the department annually its share (0.10%) of general levy tax increment.

Orange County Water District. The Water District receives its 50% of its share (0.74%) of the general levy tax increment.

North Orange County Community College District. The Community College District receives 100% of its share (6.41%) of Tax Increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.

Anaheim Union High School District. For each fiscal year, the Agency pays the District 50% of its stipulated share of tax increment (14.4%) over the entirety of the Project Area.

Fullerton Union High School District. The Agency pays the District 25% of the District's share (20.6%) of tax increment derived from the portion of the project that is attributed to the District. The District's weighted average share of the entire project is 3.57%.

Buena Park School District. The District receives 50% of its share (23.1%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 50% of its weighted average share (4.01%) of tax increment from the entire project area net of the inflationary amount.

Centralia School District. The District receives 100% of its share (33.0%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 23.56% of its weighted average share (28.09%) of tax increment from the entire project area net of the inflationary amount.

Buena Park Library District. The Library District receives 80% of its share (2.79%) of general levy tax increment.

## **Tax Sharing Statutes**

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. A discussion of these provisions as they relate to the Redevelopment Projects individually and to the Project Area as a whole follows. If a project area was created after 1994, or if new territory should be added to the Project Area, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Agency amends or deletes the time limit to incur indebtedness in a project area or increases the total amount of Tax Increment Revenues to be allocated to the project area or increases the duration of the redevelopment plan for a project area and the period for receipt of Tax Increment Revenues, Statutory Tax Sharing will also be required under Section 33607.7 of the Redevelopment Law with all affected taxing agencies not already a party to a tax sharing agreement, once the original limitations have been reached.

In general, the amounts to be paid pursuant to Statutory Tax Sharing are as follows:

- (a) commencing in the first fiscal year after the limitation has been reached, an amount equal to 25% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;
- (b) in addition to amounts payable as described in (a) above, commencing in the 11<sup>th</sup> fiscal year after the limitation has been reached, an amount equal to 21% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 10<sup>th</sup> fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted; and
- (c) in addition to amounts payable as described in (a) and (b) above, commencing in the 31<sup>st</sup> fiscal year after the limitation has been reached, an amount equal to 14% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 30<sup>th</sup> fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.
- (d) The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

- (e) The Agency may subordinate the amount required to be paid to an affected taxing entity to any indebtedness after receiving the consent of the taxing entity.

With respect to a taxing entity that is a party to a tax sharing agreement, tax sharing payments would continue pursuant to the Tax Sharing Agreement after the original limitations in the Redevelopment Plan were passed.

Tax Increment Revenue generated in Project Area IV has been subject to Statutory Tax Sharing since the Agency first received revenue in 2003/04.

The Agency eliminated the January 1, 2004 time limit to incur debt for the Central Business District Redevelopment Project and Amendment Area and Project Area II and payments to certain taxing entities pursuant to Section 33607.7, with the exception of the City, commenced in fiscal year 2004/05 with respect to all such Redevelopment Projects. The Agency also eliminated the June 18, 2010 time limit to incur debt for Project Area III, and payments to certain taxing entities pursuant to Section 33607.7 will commence in fiscal year 2010/11 with respect to Project Area III.

As noted above, with the consent of the Taxing Entity, the payments under the Tax Sharing Statutes may be subordinated to certain Agency obligations. Pursuant to this authority, the City has expressly subordinated its right to receive Statutory Tax Sharing to the Agency's obligations with respect to the Bonds. No other payments to Taxing Entities with respect to Statutory Tax Sharing have been subordinated and the projections of Tax Revenues are reduced by the estimated amounts shown in tables herein.

## **Projected Tax Revenues**

Receipt of projected Tax Revenues in the amounts and at the times projected by the Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The projections of Tax Increment Revenues and the corresponding Tax Revenues from the component areas of the Redevelopment Projects shown on the following table were based on the assumptions shown below. The Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur.

- (a) The 2007/08 secured roll was assumed to increase 2% annually for inflation in future years.
- (b) For the purposes of the projections, it was assumed that no additional assessed value would be added to the tax rolls as a result of new construction.
- (c) The values of unsecured personal property and state assessed utility property and the amount of unitary revenues have been maintained throughout the projections at their 2007/08.
- (d) No pending assessment appeals or Proposition 8 adjustments, if any, are reflected in the projections.
- (e) A tax rate of \$1.00 per \$100 of assessed value applied to the taxable property in the component areas of the Redevelopment Projects was used to determine Tax Increment Revenues.
- (f) Projected Tax Revenues do not reflect delinquencies.
- (g) Projected Tax Revenues include a deduction for administrative costs charged by Orange County.
- (h) Amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund have been deducted.

- (i) Projected Tax Revenues include a deduction for payments due to taxing agencies under Tax Sharing Agreements or applicable Tax Sharing Statutes, to the extent not subordinated to the Bonds.
- (j) Projected Tax Increment Revenues do not include supplemental property tax revenues which may be received by the Agency.

**TABLE NO. 8  
PROJECTED TAX REVENUES  
CONSOLIDATED PROJECT AREA**

Tax Revenues by Redevelopment Project						
	<u>Central Business District</u>	<u>CBD Amendment</u>	<u>Project Area II</u>	<u>Project Area III</u>	<u>Project Area IV</u>	<u>Total</u>
2008	\$1,128,500	\$3,482,200	\$2,073,600	\$1,025,750	\$ 7,172,900	\$14,882,950
2009	1,147,200	3,540,500	2,113,300	1,038,000	7,512,000	15,351,000
2010	1,165,800	3,601,100	2,154,700	1,051,250	7,856,600	15,829,450
2011	1,185,000	3,661,900	2,196,400	1,071,600	8,208,700	16,323,600
2012	1,204,100	3,724,600	2,238,700	1,092,450	8,568,900	16,828,750
2013	1,223,900	3,788,700	2,284,500	1,113,950	8,830,800	17,241,850
2014	1,243,400	3,853,000	2,327,800	1,136,100	9,099,600	17,659,900
2015	1,258,000	3,901,500	2,364,500	1,157,750	9,372,300	18,054,050
2016	1,273,100	3,949,800	2,402,500	1,180,150	9,652,600	18,458,150
2017	1,288,700	3,998,800	2,440,800	1,201,950	9,936,600	18,866,850
2018	1,304,100	4,050,400	2,478,200	1,225,500	10,226,900	19,285,100
2019	1,319,000	4,101,700	2,518,100	1,250,800	10,523,700	19,713,300
2020	1,335,500	4,153,700	2,559,000	1,273,500	10,825,500	20,147,200
2021	1,352,500	4,208,200	2,601,000	1,298,850	11,133,200	20,593,750
2022	1,370,000	4,262,400	2,641,500	1,322,700	11,447,700	21,044,300
2023	1,387,100	4,318,000	2,684,000	1,350,050	11,767,800	21,506,950
2024	1,403,800	4,375,100	2,727,500	1,376,050	12,094,500	21,976,950
2025	1,422,000	4,433,800	2,771,400	1,403,450	12,428,400	22,459,050
2026	1,439,900	4,492,900	2,818,300	1,430,600	12,769,300	22,951,000
2027	1,459,100	4,552,600	2,863,200	1,457,250	13,115,300	23,447,450
2028	1,477,000	4,614,400	2,912,400	1,485,300	13,470,000	23,959,100
2029	1,497,100	4,677,700	2,959,400	1,516,750	13,830,400	24,481,350
2030	-	-	3,008,800	1,544,950	14,198,100	18,751,850
2031	-	-	3,059,000	1,573,650	14,573,900	19,206,550
2032	-	-	3,109,000	1,607,500	14,956,800	19,673,300
2033	-	-	3,163,400	1,635,000	15,244,800	20,043,200
2034	-	-	3,084,000	1,666,900	15,538,500	20,289,400
2035	-	-	-	1,700,300	15,838,500	17,538,800

Source: Financial Advisor.

**TABLE NO. 9  
PROJECTED TAX REVENUES  
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT**

	<u>Gross Tax Increment</u>	<u>Housing Set Aside</u>	<u>County Admin Charge</u>	<u>Statutory Tax Sharing</u>	<u>Tax Revenue</u>
2008	\$1,555,000	\$(311,000)	\$ (9,000)	\$(106,500)	\$1,128,500
2009	1,586,000	(317,200)	(9,000)	(112,600)	1,147,200
2010	1,617,000	(323,400)	(9,000)	(118,800)	1,165,800
2011	1,649,000	(329,800)	(9,000)	(125,200)	1,185,000
2012	1,681,000	(336,200)	(9,000)	(131,700)	1,204,100
2013	1,714,000	(342,800)	(9,000)	(138,300)	1,223,900
2014	1,748,000	(349,600)	(10,000)	(145,000)	1,243,400
2015	1,782,000	(356,400)	(10,000)	(157,600)	1,258,000
2016	1,817,000	(363,400)	(10,000)	(170,500)	1,273,100
2017	1,853,000	(370,600)	(10,000)	(183,700)	1,288,700
2018	1,889,000	(377,800)	(10,000)	(197,100)	1,304,100
2019	1,926,000	(385,200)	(11,000)	(210,800)	1,319,000
2020	1,964,000	(392,800)	(11,000)	(224,700)	1,335,500
2021	2,003,000	(400,600)	(11,000)	(238,900)	1,352,500
2022	2,043,000	(408,600)	(11,000)	(253,400)	1,370,000
2023	2,083,000	(416,600)	(11,000)	(268,300)	1,387,100
2024	2,124,000	(424,800)	(12,000)	(283,400)	1,403,800
2025	2,166,000	(433,200)	(12,000)	(298,800)	1,422,000
2026	2,208,000	(441,600)	(12,000)	(314,500)	1,439,900
2027	2,252,000	(450,400)	(12,000)	(330,500)	1,459,100
2028	2,296,000	(459,200)	(13,000)	(346,800)	1,477,000
2029	2,342,000	(468,400)	(13,000)	(363,500)	1,497,100

Source: Financial Advisor.

**TABLE NO. 10  
PROJECTED TAX REVENUES  
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT – AMENDMENT AREA**

	Gross Tax <u>Increment</u>	Housing Set Aside	County Admin Charge	Statutory Tax Sharing	Tax Revenue
2008	\$4,606,000	\$ (921,200)	\$(25,000)	\$ (177,600)	\$3,482,200
2009	4,705,000	(941,000)	(26,000)	(197,500)	3,540,500
2010	4,806,000	(961,200)	(26,000)	(217,700)	3,601,100
2011	4,909,000	(981,800)	(27,000)	(238,300)	3,661,900
2012	5,015,000	(1,003,000)	(28,000)	(259,400)	3,724,600
2013	5,122,000	(1,024,400)	(28,000)	(280,900)	3,788,700
2014	5,231,000	(1,046,200)	(29,000)	(302,800)	3,853,000
2015	5,343,000	(1,068,600)	(29,000)	(343,900)	3,901,500
2016	5,457,000	(1,091,400)	(30,000)	(385,800)	3,949,800
2017	5,573,000	(1,114,600)	(31,000)	(428,600)	3,998,800
2018	5,692,000	(1,138,400)	(31,000)	(472,200)	4,050,400
2019	5,813,000	(1,162,600)	(32,000)	(516,700)	4,101,700
2020	5,936,000	(1,187,200)	(33,000)	(562,100)	4,153,700
2021	6,062,000	(1,212,400)	(33,000)	(608,400)	4,208,200
2022	6,190,000	(1,238,000)	(34,000)	(655,600)	4,262,400
2023	6,321,000	(1,264,200)	(35,000)	(703,800)	4,318,000
2024	6,455,000	(1,291,000)	(36,000)	(752,900)	4,375,100
2025	6,591,000	(1,318,200)	(36,000)	(803,000)	4,433,800
2026	6,730,000	(1,346,000)	(37,000)	(854,100)	4,492,900
2027	6,871,000	(1,374,200)	(38,000)	(906,200)	4,552,600
2028	7,016,000	(1,403,200)	(39,000)	(959,400)	4,614,400
2029	7,163,000	(1,432,600)	(39,000)	(1,013,700)	4,677,700

Source: Financial Advisor.

**TABLE NO. 11  
PROJECTED TAX REVENUES  
PROJECT AREA II**

	Gross Tax Increment	Housing Set Aside	County Admin Charge	Contractual Tax Sharing						Statutory Tax Sharing	Statutory Tax Revenue
				Orange County	OC Flood	OC Water	OC BOE	High Schools	OC BOE		
2008	\$3,154,000	\$ (630,800)	\$ (17,000)	\$ (130,000)	\$ (60,000)	\$ (11,000)	\$ (35,000)	\$ (74,000)	\$(122,600)	\$2,073,600	
2009	3,228,000	(645,600)	(18,000)	(135,000)	(62,000)	(11,000)	(35,000)	(76,000)	(132,100)	2,113,300	
2010	3,303,000	(660,600)	(18,000)	(139,000)	(64,000)	(11,000)	(36,000)	(78,000)	(141,700)	2,154,700	
2011	3,380,000	(676,000)	(19,000)	(143,000)	(66,000)	(12,000)	(37,000)	(79,000)	(151,600)	2,196,400	
2012	3,458,000	(691,600)	(19,000)	(148,000)	(68,000)	(12,000)	(38,000)	(81,000)	(161,700)	2,238,700	
2013	3,538,000	(707,600)	(19,000)	(152,000)	(69,000)	(12,000)	(39,000)	(83,000)	(171,900)	2,284,500	
2014	3,619,000	(723,800)	(20,000)	(157,000)	(71,000)	(12,000)	(40,000)	(85,000)	(182,400)	2,327,800	
2015	3,702,000	(740,400)	(20,000)	(161,000)	(73,000)	(13,000)	(41,000)	(87,000)	(202,100)	2,364,500	
2016	3,787,000	(757,400)	(21,000)	(166,000)	(75,000)	(13,000)	(41,000)	(89,000)	(222,100)	2,402,500	
2017	3,873,000	(774,600)	(21,000)	(171,000)	(77,000)	(13,000)	(42,000)	(91,000)	(242,600)	2,440,800	
2018	3,962,000	(792,400)	(22,000)	(176,000)	(80,000)	(14,000)	(43,000)	(93,000)	(263,400)	2,478,200	
2019	4,051,000	(810,200)	(22,000)	(181,000)	(82,000)	(14,000)	(44,000)	(95,000)	(284,700)	2,518,100	
2020	4,143,000	(828,600)	(23,000)	(186,000)	(84,000)	(14,000)	(45,000)	(97,000)	(306,400)	2,559,000	
2021	4,237,000	(847,400)	(23,000)	(191,000)	(86,000)	(15,000)	(46,000)	(99,000)	(328,600)	2,601,000	
2022	4,332,000	(866,400)	(24,000)	(197,000)	(88,000)	(15,000)	(47,000)	(102,000)	(351,100)	2,641,500	
2023	4,429,000	(885,800)	(24,000)	(202,000)	(91,000)	(15,000)	(49,000)	(104,000)	(374,200)	2,684,000	
2024	4,529,000	(905,800)	(25,000)	(208,000)	(93,000)	(16,000)	(50,000)	(106,000)	(397,700)	2,727,500	
2025	4,630,000	(926,000)	(25,000)	(214,000)	(96,000)	(16,000)	(51,000)	(109,000)	(421,600)	2,771,400	
2026	4,733,000	(946,600)	(26,000)	(219,000)	(98,000)	(16,000)	(52,000)	(111,000)	(446,100)	2,818,300	
2027	4,839,000	(967,800)	(27,000)	(225,000)	(101,000)	(17,000)	(53,000)	(114,000)	(471,000)	2,863,200	
2028	4,946,000	(989,200)	(27,000)	(231,000)	(103,000)	(17,000)	(54,000)	(116,000)	(496,400)	2,912,400	
2029	5,056,000	(1,011,200)	(28,000)	(238,000)	(106,000)	(17,000)	(55,000)	(119,000)	(522,400)	2,959,400	
2030	5,167,000	(1,033,400)	(28,000)	(244,000)	(108,000)	(18,000)	(57,000)	(121,000)	(548,800)	3,008,800	
2031	5,281,000	(1,056,200)	(29,000)	(250,000)	(111,000)	(18,000)	(58,000)	(124,000)	(575,800)	3,059,000	
2032	5,398,000	(1,079,600)	(30,000)	(257,000)	(114,000)	(19,000)	(59,000)	(127,000)	(603,400)	3,109,000	
2033	5,516,000	(1,103,200)	(30,000)	(263,000)	(117,000)	(19,000)	(60,000)	(129,000)	(631,400)	3,163,400	
2034	5,559,000	(1,071,800)	(29,000)	(262,000)	(115,000)	(18,000)	(59,000)	(126,000)	(594,200)	3,084,000	

Source: Financial Advisor.



**TABLE NO. 12  
PROJECTED TAX REVENUES  
PROJECT AREA III**

Year	Gross Tax Increment	Housing Set Aside	County Admin Charge	Orange County	Contractual Tax Sharing										Statutory Tax Sharing	Tax Revenue
					Flood	Water	OC Vector	OC BOE	Park Library	Orange College	School Districts	OC	OC	OC		
2008	\$2,591,000	\$ (647,750)	\$ (14,000)	\$ (81,000)	\$ (47,000)	\$ (10,000)	\$ (3,000)	\$ (48,000)	\$ (59,000)	\$ (91,000)	\$ (522,000)	\$ (42,500)	\$ (1,025,750)			
2009	2,652,000	(663,000)	(15,000)	(83,000)	(49,000)	(10,000)	(3,000)	(50,000)	(61,000)	(95,000)	(537,000)	(48,000)	1,038,000			
2010	2,715,000	(678,750)	(15,000)	(85,000)	(50,000)	(10,000)	(3,000)	(52,000)	(62,000)	(98,000)	(552,000)	(58,000)	1,051,250			
2011	2,778,000	(694,500)	(15,000)	(87,000)	(51,000)	(10,000)	(3,000)	(54,000)	(64,000)	(101,000)	(567,000)	(59,900)	1,071,600			
2012	2,843,000	(710,750)	(16,000)	(89,000)	(52,000)	(11,000)	(3,000)	(55,000)	(65,000)	(105,000)	(582,000)	(61,800)	1,092,450			
2013	2,909,000	(727,250)	(16,000)	(91,000)	(53,000)	(11,000)	(3,000)	(57,000)	(67,000)	(108,000)	(598,000)	(63,800)	1,113,950			
2014	2,976,000	(744,000)	(16,000)	(93,000)	(54,000)	(11,000)	(3,000)	(59,000)	(68,000)	(112,000)	(614,000)	(65,900)	1,136,100			
2015	3,045,000	(761,250)	(17,000)	(95,000)	(56,000)	(11,000)	(3,000)	(61,000)	(70,000)	(115,000)	(630,000)	(68,000)	1,157,750			
2016	3,115,000	(778,750)	(17,000)	(97,000)	(57,000)	(12,000)	(3,000)	(63,000)	(71,000)	(119,000)	(647,000)	(70,100)	1,180,150			
2017	3,187,000	(796,750)	(18,000)	(100,000)	(58,000)	(12,000)	(3,000)	(65,000)	(73,000)	(123,000)	(664,000)	(72,300)	1,201,950			
2018	3,260,000	(815,000)	(18,000)	(102,000)	(60,000)	(12,000)	(3,000)	(67,000)	(75,000)	(127,000)	(681,000)	(74,500)	1,225,500			
2019	3,334,000	(833,500)	(18,000)	(104,000)	(61,000)	(12,000)	(3,000)	(69,000)	(76,000)	(131,000)	(699,000)	(76,700)	1,250,800			
2020	3,410,000	(852,500)	(19,000)	(107,000)	(62,000)	(13,000)	(3,000)	(71,000)	(78,000)	(135,000)	(717,000)	(79,000)	1,273,500			
2021	3,487,000	(871,750)	(19,000)	(109,000)	(64,000)	(13,000)	(3,000)	(73,000)	(80,000)	(139,000)	(735,000)	(81,400)	1,298,850			
2022	3,566,000	(891,500)	(20,000)	(111,000)	(65,000)	(13,000)	(4,000)	(76,000)	(82,000)	(143,000)	(754,000)	(83,800)	1,322,700			
2023	3,647,000	(911,750)	(20,000)	(114,000)	(67,000)	(13,000)	(4,000)	(78,000)	(83,000)	(147,000)	(773,000)	(86,200)	1,350,050			
2024	3,729,000	(932,250)	(21,000)	(116,000)	(68,000)	(14,000)	(4,000)	(80,000)	(85,000)	(151,000)	(793,000)	(88,700)	1,376,050			
2025	3,813,000	(953,250)	(21,000)	(119,000)	(70,000)	(14,000)	(4,000)	(82,000)	(87,000)	(156,000)	(812,000)	(91,300)	1,403,450			
2026	3,898,000	(974,500)	(21,000)	(122,000)	(71,000)	(14,000)	(4,000)	(85,000)	(89,000)	(160,000)	(833,000)	(93,900)	1,430,600			
2027	3,985,000	(996,250)	(22,000)	(124,000)	(73,000)	(15,000)	(4,000)	(87,000)	(91,000)	(165,000)	(854,000)	(96,500)	1,457,250			
2028	4,074,000	(1,018,500)	(22,000)	(127,000)	(75,000)	(15,000)	(4,000)	(90,000)	(93,000)	(170,000)	(875,000)	(99,200)	1,485,300			
2029	4,165,000	(1,041,250)	(23,000)	(130,000)	(76,000)	(15,000)	(4,000)	(92,000)	(95,000)	(174,000)	(896,000)	(102,000)	1,516,750			
2030	4,257,000	(1,064,250)	(23,000)	(133,000)	(78,000)	(16,000)	(4,000)	(95,000)	(97,000)	(179,000)	(918,000)	(104,800)	1,544,950			
2031	4,351,000	(1,087,750)	(24,000)	(136,000)	(80,000)	(16,000)	(4,000)	(97,000)	(100,000)	(184,000)	(941,000)	(107,600)	1,573,650			
2032	4,448,000	(1,112,000)	(24,000)	(139,000)	(81,000)	(16,000)	(4,000)	(100,000)	(102,000)	(189,000)	(963,000)	(110,500)	1,607,500			
2033	4,546,000	(1,136,500)	(25,000)	(142,000)	(83,000)	(17,000)	(5,000)	(103,000)	(104,000)	(195,000)	(987,000)	(113,500)	1,635,000			
2034	4,646,000	(1,161,500)	(26,000)	(145,000)	(85,000)	(17,000)	(5,000)	(106,000)	(106,000)	(200,000)	(1,011,000)	(116,600)	1,666,900			
2035	4,748,000	(1,187,000)	(26,000)	(148,000)	(87,000)	(18,000)	(5,000)	(108,000)	(109,000)	(205,000)	(1,035,000)	(119,700)	1,700,300			

Source: Financial Advisor.

**TABLE NO. 13  
PROJECTED TAX REVENUES  
PROJECT AREA IV**

	<u>Gross Tax Increment</u>	<u>Housing Set Aside</u>	<u>County Admin Charge</u>	<u>Statutory Tax Sharing</u>	<u>Tax Revenue</u>
2008	\$12,065,000	\$(2,413,000)	\$ (66,000)	\$(2,413,100)	\$ 7,172,900
2009	12,635,000	(2,527,000)	(69,000)	(2,527,000)	7,512,000
2010	13,216,000	(2,643,200)	(73,000)	(2,643,200)	7,856,600
2011	13,808,000	(2,761,600)	(76,000)	(2,761,700)	8,208,700
2012	14,413,000	(2,882,600)	(79,000)	(2,882,500)	8,568,900
2013	15,029,000	(3,005,800)	(83,000)	(3,109,400)	8,830,800
2014	15,658,000	(3,131,600)	(86,000)	(3,340,800)	9,099,600
2015	16,299,000	(3,259,800)	(90,000)	(3,576,900)	9,372,300
2016	16,954,000	(3,390,800)	(93,000)	(3,817,600)	9,652,600
2017	17,621,000	(3,524,200)	(97,000)	(4,063,200)	9,936,600
2018	18,302,000	(3,660,400)	(101,000)	(4,313,700)	10,226,900
2019	18,996,000	(3,799,200)	(104,000)	(4,569,100)	10,523,700
2020	19,704,000	(3,940,800)	(108,000)	(4,829,700)	10,825,500
2021	20,426,000	(4,085,200)	(112,000)	(5,095,600)	11,133,200
2022	21,163,000	(4,232,600)	(116,000)	(5,366,700)	11,447,700
2023	21,915,000	(4,383,000)	(121,000)	(5,643,200)	11,767,800
2024	22,681,000	(4,536,200)	(125,000)	(5,925,300)	12,094,500
2025	23,463,000	(4,692,600)	(129,000)	(6,213,000)	12,428,400
2026	24,261,000	(4,852,200)	(133,000)	(6,506,500)	12,769,300
2027	25,074,000	(5,014,800)	(138,000)	(6,805,900)	13,115,300
2028	25,904,000	(5,180,800)	(142,000)	(7,111,200)	13,470,000
2029	26,750,000	(5,350,000)	(147,000)	(7,422,600)	13,830,400
2030	27,613,000	(5,522,600)	(152,000)	(7,740,300)	14,198,100
2031	28,494,000	(5,698,800)	(157,000)	(8,064,300)	14,573,900
2032	29,392,000	(5,878,400)	(162,000)	(8,394,800)	14,956,800
2033	30,308,000	(6,061,600)	(167,000)	(8,834,600)	15,244,800
2034	31,242,000	(6,248,400)	(172,000)	(9,283,100)	15,538,500
2035	32,195,000	(6,439,000)	(177,000)	(9,740,500)	15,838,500

Source: Financial Advisor.

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NEW ISSUE  
FULL BOOK ENTRY

RATINGS: Moody's: "Aaa"/"A3"  
Standard & Poor's: "AAA"/"A"

(See "MISCELLANEOUS—Ratings" herein)

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject however to certain qualifications described herein, under existing law, the interest on the Bonds is exempt from California personal income taxes. No opinion is expressed as to the exclusion of interest on the Bonds from gross income for federal income tax purposes. See "MISCELLANEOUS—Tax Matters" herein. The Agency has determined that interest on the Bonds is subject to federal income taxation under the Internal Revenue Code of 1986.*

**\$26,920,000**

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK  
CONSOLIDATED REDEVELOPMENT PROJECT  
2008 TAXABLE TAX ALLOCATION BONDS, SERIES B**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover hereof**

The captioned bonds (the "Bonds") are being issued by the Community Redevelopment Agency of the City of Buena Park (the "Agency") to (i) finance certain redevelopment activities of the Agency within or of benefit to the Consolidated Redevelopment Project (the "Redevelopment Project" or the "Project Area"), (ii) fund the Reserve Account for the Bonds, and (iii) pay certain costs related to the issuance of the Bonds.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing on September 1, 2008. The payment of principal of, premium if any, and semiannual interest on the Bonds will be made by Union Bank of California, N.A., Los Angeles, California, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds.

The Bonds are not subject to optional redemption prior to their maturity. The Bonds are subject to mandatory redemption prior to their maturity under certain conditions as described herein.

The Bonds are payable from and secured by a first lien and pledge of (i) Tax Revenues, which consist of certain tax increment revenues generated in the Project Area that would otherwise be payable to the County of Orange (the "County") on behalf of certain taxing agencies therein and (ii) moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture of Trust, dated as of February 1, 2000, by and between the Agency and the Trustee, as supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003, a Second Supplement to Indenture of Trust, dated as of February 1, 2008, and a Third Supplement to Indenture of Trust, dated as of February 1, 2008, each by and between the Agency and the Trustee (as amended, the "Indenture"). No funds or properties of the Agency, other than the Tax Revenues and certain other moneys described herein, including moneys in the Reserve Account (as defined herein) held by the Trustee, shall be pledged to, or otherwise liable for, the principal of, premium (if any) or interest on the Bonds. The Agency has previously issued its Redevelopment Project No. II 2000 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$4,515,000 (the "2000 Bonds"), its Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$20,635,000 (the "2003 Bonds"), and on March 6, 2008, its \$48,800,000 aggregate initial principal amount Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A (the "2008A Bonds"), which 2000 Bonds, 2003 Bonds, and 2008A Bonds are payable from Tax Revenues on a parity basis with the Bonds. See "SECURITY FOR THE BONDS" and "RISK FACTORS" herein.

The Bonds are not a debt of the City of Buena Park (the "City"), the County, the State of California (the "State") or any of its political subdivisions (other than the Agency) and none of the City, the County, the State nor any of its political subdivisions (other than the Agency) is liable therefor. The principal of and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Area.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by FINANCIAL SECURITY ASSURANCE INC. See "BOND INSURANCE" and "APPENDIX H—Specimen Municipal Bond Insurance Policy" herein.



**This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.**

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, is acting as Disclosure Counsel. It is anticipated that the Bonds, in book entry form, will be available for delivery through the facilities of The Depository Trust Company (see "APPENDIX F—Book Entry Only System") on or about June 19, 2008.*

**Banc of America Securities LLC**

Dated: June 4, 2008

**\$26,920,000**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**2008 TAXABLE TAX ALLOCATION BONDS, SERIES B**

**Base CUSIP<sup>†</sup>: 119147**

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**MATURITY SCHEDULE**

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\$2,995,000 5.093% Term Bonds due September 1, 2011, Priced to Yield 5.093% CUSIP<sup>†</sup> 119147EW2  
\$10,215,000 6.073% Term Bonds due September 1, 2018, Priced to Yield 6.073% CUSIP<sup>†</sup> 119147EX0  
\$13,710,000 6.253% Term Bonds due September 1, 2023, Priced to Yield 6.253% CUSIP<sup>†</sup> 119147EY8

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<sup>†</sup> CUSIP Copyright 2008, American Bankers' Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The Agency does not guarantee the accuracy of the CUSIP data.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the Agency in any press release and in any oral statement made with the approval of an authorized officer of the Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Agency or any other entity described or referenced herein since the date hereof.

**Limit of Offering.** No dealer, broker, salesperson or other person has been authorized by the Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Agency, the Financial Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Involvement of Underwriter.** The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "BOND INSURANCE" and "APPENDIX H - Specimen Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

**BUENA PARK, CALIFORNIA**

**Members of the Agency Board and City Council**

*Jim Dow, Chair and Mayor*  
*Steve Berry, Vice Chair and Mayor Pro-Tem*  
*Arthur Brown, Agency Board Member and Council Member*  
*Patsy Marshall, Agency Board Member and Council Member*  
*Donald W. McCay, Agency Board Member and Council Member*

---

**AGENCY/CITY STAFF**

*Rick Warsinski, Executive Director/City Manager*  
*May Wong Hui, Deputy Executive Director/Economic Development Director*  
*Sung Hyun, Agency Treasurer/Director of Finance*  
*Shalice Reynoso, Secretary/City Clerk*

---

**SPECIAL SERVICES**

**Bond Counsel**

Jones Hall  
A Professional Law Corporation  
San Francisco, California

**Disclosure Counsel**

Richards, Watson & Gershon,  
A Professional Corporation  
Los Angeles, California

**Financial Advisor**

Harrell & Company Advisors, LLC  
Orange, California

**Agency Counsel**

Richards, Watson & Gershon,  
A Professional Corporation  
Brea, California

**Trustee**

Union Bank of California, N.A.  
Los Angeles, California

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**\$26,920,000**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**2008 TAXABLE TAX ALLOCATION BONDS, SERIES B**

**INTRODUCTION**

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the Community Redevelopment Agency of the City of Buena Park (the "Agency") of the above-captioned bonds (the "Bonds"). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE".

**Legal Authority**

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health and Safety Code of the State) (the "Redevelopment Law"); Chapter 11 of Division 6 of Title 1 of the Government Code of the State (commencing with Section 5900); an Indenture of Trust, dated as of February 1, 2000, by and between the Agency and Union Bank of California, N.A., as trustee (the "Trustee"), as supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003, a Second Supplement to Indenture of Trust, dated as of February 1, 2008, and a Third Supplement to Indenture of Trust, dated as of February 1, 2008, each by and between the Agency and the Trustee (as amended, the "Indenture"); and a resolution adopted by the Agency on January 22, 2008 (the "Resolution").

The Agency has previously issued its Redevelopment Project No. II 2000 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$4,515,000 (the "2000 Bonds"), its Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds, currently outstanding in the aggregate principal amount of \$20,635,000 (the "2003 Bonds"), and on March 6, 2008, its \$48,800,000 aggregate initial principal amount Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A (the "2008A Bonds"), which 2000 Bonds, 2003 Bonds, and 2008A Bonds are payable from Tax Revenues on a parity basis with the Bonds. See "SECURITY FOR THE BONDS – Parity Debt" and "RISK FACTORS" herein.

**Financing Purpose**

The proceeds of the Bonds will be used to (i) finance certain redevelopment activities of the Agency within or of benefit to the Consolidated Redevelopment Project Area (the "Redevelopment Project" or the "Project Area"), as more fully described in "THE FINANCING PLAN – Deposit to the Redevelopment Fund", (ii) to fund the Reserve Account for the Bonds, and (iii) to pay certain costs relating to the issuance of the Bonds.

The Agency is required to fund and maintain a reserve account held by the Trustee within the Debt Service Fund established by the Trustee under the Indenture (the "Reserve Account"). The Agency will initially deposit into such Reserve Account proceeds of the Bonds in an amount sufficient to increase the amount on deposit in the Reserve Account to the new Reserve Requirement resulting from the issuance of the Bonds. See "SECURITY FOR THE BONDS" and "APPENDIX A – SUMMARY OF

CERTAIN PROVISIONS OF THE INDENTURE” for further discussion of the Reserve Account and the Reserve Requirement. In the event of any deficiency at any time in the Interest Account, the Principal Account, or the Sinking Account of the Debt Service Fund established under the Indenture, the Agency is obligated to pay such amounts from the Reserve Account pursuant to the Indenture. In the event that prior to any Interest Payment Date, the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Agency is also obligated to replenish the Reserve Account, from monies in the Special Fund, by an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement.

The Redevelopment Project is located in the City, in the County of Orange (the “County”). Certain general economic and demographic information with regard to the City may be found in “APPENDIX B – SUPPLEMENTAL INFORMATION – THE CITY OF BUENA PARK AND THE COUNTY OF ORANGE.”

**THE BONDS ARE NOT A DEBT OF THE CITY, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) AND NONE OF THE CITY, THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREFOR. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.**

#### **Tax Allocation Financing**

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as indicated above. Taxes collected upon the increase in assessed valuations in the Project Area and received on or after the date of issuance of the Bonds are referred to herein as tax increment revenues, a portion of which are pledged to the repayment of the Bonds. See “SECURITY FOR THE BONDS – Tax Revenues” herein.

Any future decrease in the taxable valuations in the Project Area or in the applicable tax rates could reduce the Tax Revenues allocated to the Agency and, correspondingly, could have an adverse impact on the availability of Tax Revenues to pay debt service on the Bonds. See “RISK FACTORS” herein.

#### **The City and the Agency**

The City is located in northern Orange County, California, immediately west of the Interstate-5 freeway and 91 Freeway interchange, and bordering the County of Los Angeles. The City was incorporated in 1953 and covers an area of approximately 6,592 acres. It maintains a council-manager form of government, with the five Councilmembers elected at-large for staggered four-year terms, and the City Council of the City (the “City Council”) elects a Mayor from its members. For certain information regarding the City, see “APPENDIX B – SUPPLEMENTAL INFORMATION – THE CITY OF BUENA PARK AND THE COUNTY OF ORANGE.” The Agency was activated by action of the City Council

pursuant to Ordinance No. 823, adopted on March 21, 1972, at which time the City Council declared itself to be the governing board of the Agency.

### **The Project Area**

Through the merger of four separate redevelopment project areas, the City Council, on behalf of the Agency, has created the Buena Park Consolidated Redevelopment Project Area, which generates Tax Revenues pledged to the repayment of the Bonds and certain parity debt as described herein and which is referred to herein as the "Redevelopment Project" or the "Project Area". The redevelopment plan that effected the merger of the Agency's four constituent redevelopment project areas (each a "Constituent Project", and collectively, the "Constituent Projects") to form the Project Area was approved by Ordinance No. 1422 of the City adopted on May 7, 2002. The redevelopment plan relating to the Project Area is referred to herein as the "Redevelopment Plan." The four Constituent Projects are as follows: (i) the Central Business District Redevelopment Project Area (the "CBD Constituent Project"), (ii) Project Area II (the "Project II Constituent Project"), (iii) Buena Park Redevelopment Project Area III (the "Project III Constituent Project"), and (iv) Buena Park Redevelopment Project Area IV (the "Project IV Constituent Project"). The CBD Constituent Project is comprised of the original Central Business District Redevelopment Project and additional territories added pursuant to a subsequent amendment to the redevelopment plan for the CBD Constituent Project. See "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA" for additional information on assessed valuations, property ownership, and land uses.

### **Municipal Bond Insurance**

Concurrently with issuance of the Bonds, Financial Security Assurance Inc. (the "Bond Insurer") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but which is unpaid. See "BOND INSURANCE" and "APPENDIX H — Specimen Municipal Bond Insurance Policy".

### **Continuing Disclosure**

The Agency has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Agency by not later than six (6) months following the end of the Agency's Fiscal Year (which currently would be by December 31 each year based upon the June 30 end of the Agency's Fiscal Year), commencing December 31, 2008, with the report for the 2007-08 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information depository, if any. The notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c-12(b)(5).

In January 2008, the Agency reviewed its continuing disclosure filings history and determined it did not meet the all of the requirements of its continuing disclosure certificates with respect to the 2000 Bonds and the 2003 Bonds. For the 1999-2000, 2000-2001, and 2001-2002 Fiscal Years, the Agency filed only the Comprehensive Annual Financial Report of the City for each respective year, and each of these filings was made in January of the year following the respective Fiscal Year end. As of January

2008, no filings were made by the Agency with respect to the following Fiscal Year(s): 2002-2003 and 2003-2004. For the 2004-2005 and 2005-2006 Fiscal Years, the Agency filed only its financial statements, which did not include all the required annual report information, and each of these filings was made in January of the year following the respective Fiscal Year end. On February 8, 2008, the Agency made additional filings to provide all of the required information not previously filed in connection with its continuing disclosure undertakings with respect to the 2000 Bonds and the 2003 Bonds. Going forward, the Agency intends to timely comply in all material respects with its undertakings with regard to said Rule to provide annual reports or notices of material events.

### Other Information

Following in this Official Statement are brief descriptions of the Bonds, the Agency, the City, Tax Revenues, the Project Area, security for the Bonds, risk factors and limitations on Tax Revenues and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture are qualified in their entirety by reference to the Indenture and all references to the Bonds are further qualified by reference to the definitive Bonds and to the terms thereof which are contained in the Indenture. All capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indenture.

## FINANCING PLAN

### Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds, are as follows:

<u>Sources of Funds:</u>	
Par Amount of Bonds	\$26,920,000.00
Less: Underwriter's Discount	<u>(111,179.60)</u>
Total Sources	<u>\$26,808,820.40</u>
<u>Uses of Funds:</u>	
Deposit to Redevelopment Fund	\$23,526,000.00
Deposit to Reserve Account of Debt Service Fund <sup>(1)</sup>	2,493,224.40
Deposit to 2008 Series B Costs of Issuance Fund <sup>(2)</sup>	<u>789,596.00</u>
Total Uses	<u>\$26,808,820.40</u>

- (1) An amount necessary to increase the balance in the Reserve Account to the Reserve Requirement as described in "SECURITY FOR THE BONDS – Reserve Account."
- (2) Includes the bond insurance premium, Trustee fees, Bond Counsel and Disclosure Counsel fees, Financial Advisor fees, printing costs, and other related costs.

## **Deposit to the Redevelopment Fund**

The Agency anticipates using the proceeds deposited to the Redevelopment Fund to fund the costs of property acquisition and improvements to its Entertainment Zone within the Project Area consistent with the Agency's approved five-year implementation plan, such as, but not limited to the following:

- Entertainment Corridor (E-Zone) Action Plan
- Targeted Motel Acquisitions
- Property Acquisition (Plett/LaVerne)
- Property Acquisition (Beach Boulevard./Orangethorpe)
- Property Acquisition (Adjacent to City Yard)
- Knotts/Mall Upgrades

## **THE BONDS**

### **Description**

The Bonds will be registered initially in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York ("DTC"), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Indenture. Purchasers will not receive certificates representing their interests in the Bonds. Principal of and interest on the Bonds will be paid by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its Participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM."

The Bonds will be issued in the aggregate principal amount set forth on the cover hereof as fully registered bonds without coupons. The Bonds will be delivered only in denominations of \$5,000 or integral multiples thereof. The Bonds will be dated the date of their delivery by the Agency to the original purchaser thereof. Interest on the Bonds will be payable on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing on September 1, 2008. Interest with respect to each Bond will be payable to the person whose name appears on the bond registration books of the Trustee as the Owner thereof on the fifteenth calendar day of the month preceding each Interest Payment Date, whether or not such fifteenth calendar day is a business day (each, a "Record Date"). Principal of the Bonds will be payable on September 1 in each of the years and in the amounts shown on the inside cover page hereof.

Interest on the Bonds is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the registration books kept by the Trustee as of the applicable Record Date. The payment of interest to each registered owner of \$1,000,000 or more aggregate principal amount of Bonds may be made by wire transfer to an account in the United States designated by such Owner upon written instructions provided to the Trustee prior to such Record Date. Principal of, and interest and premium (if any) on, the Bonds is payable in lawful money of the United States of America.

The Bonds will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication thereof, unless (i) a

Bond is authenticated on or before the following Interest Payment Date and after the close of business on the preceding Record Date, in which event such Bond will bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event such Bond will bear interest from the dated date of such Bond, or (iii) interest on a Bond is in default as of the date of authentication, in which event interest on such Bond shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

While the Bonds are held in the book-entry only system of DTC, all payments on the Bonds will be made to Cede & Co., as the registered owner of the Bonds. Principal of, and redemption premium (if any), on the Bonds are payable in lawful money of the United States of America upon presentation and surrender of the Bonds at maturity or earlier redemption at the corporate trust office of the Trustee indicated in the Indenture. See "APPENDIX F – BOOK ENTRY ONLY SYSTEM."

### **Sinking Account Redemption of the Term Bonds**

The Bonds maturing on September 1, 2011, September 1, 2018, and September 1, 2023 (collectively, the "Term Bonds") shall be subject to mandatory sinking fund redemption in part, pro rata among Owners, on each September 1, from mandatory Sinking Account payments set aside in the Debt Service Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

#### Term Bonds Maturing September 1, 2011

Sinking Account Payment Date (September 1)	Principal Amount To Be Redeemed
2009	\$ 965,000
2010	1,000,000
2011 (maturity)	1,030,000

#### Term Bonds Maturing September 1, 2018

Sinking Account Payment Date (September 1)	Principal Amount To Be Redeemed
2012	\$ 580,000
2013	605,000
2014	650,000
2015	1,915,000
2016	2,030,000
2017	2,155,000
2018 (maturity)	2,280,000

Term Bonds Maturing September 1, 2023

Sinking Account Payment Date (September 1)	Principal Amount To Be Redeemed
2019	\$2,425,000
2020	2,575,000
2021	2,730,000
2022	2,900,000
2023 (maturity)	3,080,000

“Pro rata” among Owners as referred to above means, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the specific maturity of Bonds held by an Owner, and the denominator of which is equal to the total amount of such maturity of such Bonds then Outstanding.

**Purchase of Bonds**

In lieu of redemption of Term Bonds pursuant to the Sinking Account redemption provisions above, amounts on deposit in the Special Fund as Sinking Account payments may also be used and withdrawn by the Agency for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Bonds otherwise required to be redeemed on the following September 1 of such year the Sinking Account redemption provisions above.

**General Redemption Provisions**

*Notice of Redemption.* The Trustee on behalf and at the expense of the Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the registration books of the Trustee, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds of a series between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the corporate trust office of the Trustee indicated in the Indenture for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.



*Partial Redemption of Bonds.* In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

*Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

### **Transfer or Exchange**

Any Bond may in accordance with its terms, be transferred, upon the registration books of the Trustee, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond to the corporate trust office of the Trustee in Los Angeles, California (or such other place as may be designated by the Trustee) for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds for like series, interest rate, maturity, and principal amount. The Trustee may refuse to transfer either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the Indenture.

Bonds may be exchanged at the corporate trust office of the Trustee in Los Angeles, California (or such other place as may be designated by the Trustee) for a like aggregate principal amount of authorized denominations and of the same series, interest rate, and maturity. The Trustee may refuse to exchange either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the Indenture.

The Trustee shall require the Owner requesting such registration of transfer or exchange to pay any tax or other governmental charge required to be paid with respect to any such transfer or exchange or Bonds or the replacement of any mutilated, lost or stolen Bonds. The Trustee may also require the Owner requesting such registration of transfer or exchange to pay a reasonable sum as may be necessary to cover any customary expenses incurred and fees charged by the Trustee or the Agency with respect to such transfer or exchange or Bonds or the replacement of any mutilated, lost or stolen Bonds.

### **Events of Default and Acceleration of Bonds**

The following events constitute "Events of Default" under the Indenture:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30)

days following receipt by the Agency of written notice from the Trustee, the Bond Insurer or any Owner of the occurrence of such default; or

(c) if the Agency shall commence a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee shall, if requested in writing by the Bond Insurer or (with the prior written consent of the Bond Insurer) by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

Promptly upon receiving actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate per annum of the Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee in the order following upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then

borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

**Debt Service Schedule**

Scheduled debt service on the Bonds is shown in the following table:

**TABLE 1  
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK  
CONSOLIDATED REDEVELOPMENT PROJECT  
2008 TAXABLE TAX ALLOCATION BONDS, SERIES B**

**Debt Service Schedule**

Bond Year Ending September 1	Principal	Interest	Total
2008	--	\$ 326,035.72	\$ 326,035.72
2009	\$ 965,000.00	1,630,178.60	2,595,178.60
2010	1,000,000.00	1,581,031.16	2,581,031.16
2011	1,030,000.00	1,530,101.16	2,560,101.16
2012	580,000.00	1,477,643.26	2,057,643.26
2013	605,000.00	1,442,419.86	2,047,419.86
2014	650,000.00	1,405,678.20	2,055,678.20
2015	1,915,000.00	1,366,203.70	3,281,203.70
2016	2,030,000.00	1,249,905.76	3,279,905.76
2017	2,155,000.00	1,126,623.86	3,281,623.86
2018	2,280,000.00	995,750.70	3,275,750.70
2019	2,425,000.00	857,286.30	3,282,286.30
2020	2,575,000.00	705,651.06	3,280,651.06
2021	2,730,000.00	544,636.30	3,274,636.30
2022	2,900,000.00	373,929.40	3,273,929.40
2023	3,080,000.00	192,592.40	3,272,592.40
	<u>\$26,920,000.00</u>	<u>\$16,805,667.44</u>	<u>\$43,725,667.44</u>

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## SECURITY FOR THE BONDS

### General

The Bonds are limited obligations of the Agency entitled to the benefits of the Indenture and are payable solely from and secured by (i) Tax Revenues and (ii) moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture. See “– Tax Revenues” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Funds and accounts to be established and held under the Indenture include the Special Fund, the 2008 Series B Costs of Issuance Fund, the Debt Service Fund (and the Interest Account, Principal Account, Sinking Account, Reserve Account, and Redemption Account therein), and the Redevelopment Fund. *Except for moneys deposited in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account), none of the other funds and accounts held under the Indenture are pledged to repayment of the Bonds.*

The Bonds are not a debt of the City, the County, the State or any of its political subdivisions (other than the Agency) and none of the City, the County, the State nor any of its political subdivisions (other than the Agency) is liable therefor.

### Allocation of Taxes

As provided in the Redevelopment Plan (as defined herein), and pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code) and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project each year by or for the benefit of the State of California and any city, county, city and county, district or other public corporation (herein collectively referred to as “taxing agencies”) for each fiscal year beginning after the effective date of the ordinance approving the Redevelopment Plan, are divided as follows:

1. To other taxing agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance approving the Redevelopment Plan (the “Base Year Amount”) shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies in the same manner as taxes by or for the taxing agencies on all other property are paid; and

2. To the Agency: Except for taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the respective taxing agency, that portion of the levied taxes each year in excess of the Base Year Amount shall be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the Redevelopment Project.

## **Tax Revenues**

The term "Tax Revenues" as defined in the Indenture means moneys allocated within the Plan Limitations (as defined in the Indenture) and paid to the Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Sections 16110, et seq., of the Government Code of the State of California) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and including that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund (as defined herein), but only to the extent necessary to repay that portion of the Bonds (including that portion of the Prior Bonds refunded with the proceeds of the 2000 Bonds) and any Parity Debt (as defined in the Indenture and including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Redevelopment Law, (ii) amounts payable by the Agency pursuant to the Tax-Sharing Agreements and (iii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of Parity Debt, as applicable, and with respect to the payment of Debt Service on the 2008A Bonds and the Bonds, amounts payable by the Agency pursuant to the CarMax Promissory Note. As defined in the Indenture, "CarMax Promissory Note" means the Promissory Note, dated September 3, 2003, executed in the original principal amount of \$4,318,718.00 by the Agency, as payor, and CarMax Auto Superstores West Coast, Inc. as payee. See "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Current Debt Structure" and "APPENDIX A – Summary of Certain Provisions of the Indenture."

The Bonds are secured by and payable from the Tax Revenues and moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture.

The Agency's receipt of Tax Revenues is subject to certain limitations contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 and 33333.4 of the Redevelopment Law. See Table 3 under "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Redevelopment Plan Limitations."

The Agency has covenanted in the Indenture to comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation, the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of amounts payable by the State) appropriate officials of the State.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay principal and interest on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

THE BONDS ARE NOT A DEBT OF THE CITY, THE COUNTY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NONE OF THE CITY, THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREON. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.

#### **Special Fund; Debt Service Fund**

Pursuant to the Indenture, the Agency has established and holds a special fund known as the "Special Fund." The Agency will deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in the Indenture and any Supplemental Indenture. All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the foregoing will be released from the pledge and lien hereunder for the security of the Bonds, the 2000 Bonds, the 2003 Bonds, and the 2008A Bonds, and may be applied by the Agency for any lawful purposes of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture with respect to the rebate of excess investment earnings, if any.

The Indenture also establishes a special fund known as the "Debt Service Fund" held by the Trustee. Moneys in the Special Fund will be transferred by the Agency in the following amounts, at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, which are established under the Indenture with the Trustee, and in the following order of priority:

(a) on or before the fifth (5th) Business Day preceding each Interest Payment Date, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Outstanding Parity Debt on such Interest Payment Date; provided, no such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Outstanding Parity Debt. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds or Parity Debt redeemed prior to maturity pursuant to the Indenture);

(b) on or before the fifth (5th) Business Day preceding September 1 in each year in which principal of the Bonds and Parity Debt is due and payable, for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding serial bonds of Parity Debt and any maturing Term Bonds and any maturing term bonds of Parity Debt on the next Interest Payment Date; provided, no such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Interest Payment Date on all of such Outstanding Serial Bonds and any such maturing Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and

serial bonds of Parity Debt and maturing Term Bonds and maturing term bonds of Parity Debt as it becomes due and payable;

(c) on or before the fifth (5th) Business Day preceding each September 1 on which any Outstanding Term Bonds or Outstanding term bonds of Parity Debt are subject to mandatory redemption pursuant to the Sinking Account redemption provisions of the Indenture, for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of such Term Bonds or Parity Debt term bonds required to be redeemed on such September 1 pursuant to the Sinking Account redemption provisions of the Indenture. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds and Parity Debt term bonds as it shall become due and payable upon redemption pursuant to the Sinking Account redemption provisions of the Indenture (see "THE BONDS – Sinking Account Redemption of the Term Bonds" herein); and

(d) to deposit in the Reserve Account an amount, if any, required to cause the amount on deposit in the Reserve Account to be equal to the Reserve Requirement (see "– Reserve Account" below).

See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein.

#### **Reserve Account**

The Trustee shall establish and maintain within the Debt Service Fund a separate account known as the Reserve Account (the "Reserve Account"). The Reserve Account shall be held by the Trustee in trust. The amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement (the "Reserve Requirement") at all times prior to the payment of the Bonds and Parity Debt in full, except to the extent required for the purposes set forth in the Indenture. As defined in the Indenture, "Reserve Requirement" means, as calculated by the Agency, the least of (i) 125% of average annual Debt Service on the Bonds and Parity Debt, (ii) 10% of the original principal amount of the Bonds and any Parity Debt or, (iii) Maximum Annual Debt Service on the Bonds and Parity Debt. The Reserve Account was funded initially upon issuance of the 2000 Bonds and supplemented upon issuance of the 2003 Bonds and 2008A Bonds in such amounts necessary so that the moneys on deposit in the Reserve Account were not less than the applicable Reserve Requirement. As a result of the issuance of the Bonds, the Reserve Account will be again supplemented to cause the amount on deposit in the Reserve Account to be not less than the new Reserve Requirement. The existing Reserve Requirement is \$6,163,437.50 (including the increase which was required upon issuance of the 2008A Bonds) and will increase by an additional \$2,493,224.40 upon issuance of the Bonds.

In the event that prior to any Interest Payment Date the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Trustee will promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency will withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency is obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking

Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds and any Parity Debt then Outstanding, except that so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the final Interest Payment Date will be withdrawn from the Reserve Account and transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Agency shall have caused to be deposited in the Debt Service Fund an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Agency to the Redevelopment Fund.

The Agency has the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee a Qualified Reserve Account Credit Instrument. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee will transfer such funds from the Reserve Account to the Agency to be deposited in the Redevelopment Fund and used for the purposes thereof. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency shall be pro-rata with respect to each such instrument.

Currently, there is \$5,768,187.50 on deposit in the Reserve Account, as well as a Qualified Reserve Account Credit Instrument in the amount of \$395,250 issued by MBIA Insurance Corporation with respect to the 2000 Bonds (the "2000 Surety Bond"). The 2000 Surety Bond is not available to pay the 2003 Bonds, the 2008A Bonds, or the Bonds. Upon issuance of the Bonds, the Agency will deposit an additional \$2,493,224.40 in the Reserve Account.

#### **Low and Moderate Income Housing Fund**

The Redevelopment Law generally requires redevelopment agencies to set aside 20% of all tax increment revenues derived from redevelopment project areas (such amounts of a redevelopment project area being referred to herein as the "Housing Revenues") in a low and moderate income housing fund (the "Low and Moderate Income Housing Fund"). Under the Redevelopment Law, the Agency must use amounts deposited in the Low and Moderate Income Housing Fund to increase, improve, and preserve the supply of low and moderate income housing within the jurisdiction of the Agency. This low and moderate income housing requirement could be reduced or eliminated if a redevelopment agency finds that: (1) no need exists in the community to improve or increase the supply of low and moderate income housing; and (2) that some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need. No such findings have been made by the Agency.

The Tax Revenues exclude the Housing Revenues derived from the Redevelopment Project. In addition, the Agency entered into a settlement agreement with respect to the formation of the Project III Constituent Project (the "Project III Settlement Agreement") which requires the Agency to set aside an additional 5% of gross Tax Revenues derived from the Project III Constituent Project to the Low and Moderate Income Housing Fund. The projections in Table 12 exclude the additional monies to be deposited into the Low and Moderate Income Housing Fund pursuant to the Project III Settlement Agreement.

The Agency has allocated proceeds of bond previously issued and funded by tax increment from the Project II Constituent Project to the Low and Moderate Income Housing Fund. Such bonds were



refunded by the 2000 Bonds, and the Agency contributes \$82,160 annually from Housing Revenues to meet the portion of debt service on the 2000 Bonds attributable to the allocation to the Low and Moderate Income Housing Fund.

The provisions of the Redevelopment Law regarding the funding of low- and moderate-income housing funds have been frequently amended since their original adoption. In addition, the interpretations of these laws by the California Attorney General and redevelopment agency counsels throughout the State have at times been subject to variation and change. The Agency cannot predict what impact any future amendment to the laws relating to low and moderate income housing funds may have on tax increment revenues to the Agency.

### **Parity Debt**

The Agency may issue or incur additional obligations on a parity with the Bonds, the 2008A Bonds, the 2003 Bonds, and the 2000 Bonds ("Parity Debt") in such principal amount as shall be determined by the Agency. The Agency may issue or incur Parity Debt subject to the following specific conditions precedent specified in the Indenture:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;

(b) The Tax Revenues estimated to be received for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County, shall be at least equal to 150% of Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt through and including the final maturity of the Bonds (September 1, 2023) and thereafter 125%;

(c) The Supplemental Indenture providing for the issuance of such Parity Debt under the Indenture shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable;

(d) Money shall be deposited in the Reserve Account from the proceeds of the sale of said Parity Debt (or from other available funds of the Agency) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt, and the Supplemental Indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts, including a separate Reserve Account;

(e) The aggregate amount of the principal of and interest on all Outstanding Bonds and Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limitations to be allocated and paid to the Agency following the issuance of such Parity Debt; and

(f) The Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b), (c), and (e) above have been satisfied and that an amount equal to the Reserve Requirement is on deposit in the Reserve Account as of the delivery of such Parity Debt.

## **Subordinate Debt**

The Agency may incur loans, advances, or indebtedness issued or incurred by the Agency which are either (i) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, or (ii) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds ("Subordinate Debt") in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limitations, then all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Subordinate Debt;

(c) If, and to the extent such Subordinate Debt is bonded debt, Tax Revenues estimated to be received for the then current Fiscal Year and all subsequent years shall be at least equal to 100% of annual debt service on such Subordinate Debt, together with debt service on all debt with a senior lien on Tax Revenues; and

(d) Except with respect to any Subordinate Debt issued and delivered on the Closing Date, the Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in subsections (a) and (b) above have been satisfied.

## **BOND INSURANCE**

*The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made by the Agency or the Underwriter as to the accuracy or completeness of such information, or the absence of material adverse changes therein at any time subsequent to the date hereof Reference is made to APPENDIX H for a specimen of the Bond Insurer's policy.*

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Financial Security Assurance Inc.**

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-

owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At March 31, 2008, Financial Security's consolidated policyholders' surplus and contingency reserves were approximately \$3,012,872,486 and its total net unearned premium reserve was approximately \$2,419,501,630 in accordance with statutory accounting principles. At March 31, 2008, Financial Security's consolidated shareholder's equity was approximately \$3,053,752,711 and its total net unearned premium reserve was approximately \$1,882,057,335 in accordance with generally accepted accounting principles.

The consolidated financial statements of Financial Security included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2007 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Official Statement. All financial statements of Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Bonds or the advisability of investing in the Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

## **THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

### **Authority and Personnel**

The Agency was established pursuant to the Redevelopment Law and was activated by the City Council by Ordinance No. 823 adopted on March 21, 1972 at which time the City Council declared itself to be the governing board of the Agency. The Agency is charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City. The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The Agency can build public improvements, facilitate the development of on and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Project Area.

Members of the Agency and their terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
Jim Dow, Chair	November 2008
Steve Berry, Vice Chair	November 2008
Arthur Brown	November 2010
Patsy Marshall	November 2010
Donald W. McCay	November 2010

### **Agency Administration**

Rick Warsinski is the current City Manager of the City and the Executive Director of the Agency. The City Manager, appointed by the City Council, serves at the pleasure of the Council. Mr. Warsinski is responsible for the efficient administration of all affairs of the City including implementation of State laws and City ordinances, and he has over 31 years of municipal government experience, with 28 years in the City of Buena Park. Mr. Warsinski served as the Community Development Director prior to appointment to his current position of City Manager. The City, under his direction, is embarking on a Strategic Plan focused on reshaping key areas of the city and the construction of new facilities including a new Police Department building, a new gymnasium, and an expanded senior center. His key projects during his tenure as Community Development Director with the City include the development and implementation of the Entertainment Corridor and Auto Center, redevelopment of the Buena Park Mall, with numerous housing, commercial, and industrial projects. He has served on the board of the Orange County Planning Directors Association and was its President in 2003. Mr. Warsinski obtained his Bachelors Degree from Chapman University and his Masters Degree from Cal State University, Dominguez Hills.

May Wong Hui is the Economic Development Director for the City's Economic Development Department, which is directly responsible for providing staff services to the Agency, and serves as the Agency's Deputy Executive Director. Ms. Hui is also responsible for the commercial and residential rehabilitation programs, Community Development Block Grant program, as well as redevelopment activities of the City. She has worked with local government planning since 1979, nineteen of those years with the Agency. Ms. Hui has a Bachelor of Science Degree from California Polytechnic State University at San Luis Obispo and a Master's Degree in Negotiation and Conflict Management from California State University at Dominguez Hills.

Sung Hyun is the Director of Finance for the City and the Treasurer of the Agency, and he is responsible for the financial affairs of the City and the Agency. Mr. Hyun has been with the City since 2006 and has worked in municipal finance for over 14 years and has also held positions in the cities of Downey, Redondo Beach, and Santa Monica. He received his Bachelor of Science Degree in Accounting from California State University at Long Beach and is a member of the California Society of Municipal Finance Officers, the California Municipal Treasurers Association, and the Government Finance Officers Association.

Shalice Reynoso is the Agency Secretary and City Clerk and was appointed by the City Council to serve in this capacity in October of 1997. Other responsibilities include serving as the City's Election Official, recording, and maintaining proceedings and actions of both the City Council and the Agency. Ms. Reynoso received her B.A. from Brigham Young University in Provo, Utah and is an active member in the City Clerk's Association of California, the International Institute of Municipal Clerks, the National Notary Association, and the Buena Park Historical Society (Board Member 1992-98).

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency. The firm of Diehl, Evans & Company, LLP, Certified Public Accountants & Consultants, Irvine, California, prepared a financial statement for the Agency for the fiscal year ended June 30, 2007. The firm's examination was made in accordance with generally accepted auditing standards. The Agency follows fund accounting principles reflecting the modified accrual basis of accounting in which revenue is recognized when earned or otherwise becomes available, and expenditures are recognized when incurred. The firm reported after their examination that they noted no instances of noncompliance for the fiscal year ended June 30, 2007. See "APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR FISCAL YEAR ENDED JUNE 30, 2007". Since the audited financial statements are public documents, the Agency has not requested nor did the Agency obtain permission from Diehl, Evans & Company, LLP to include the audited financial statements as an appendix to this Official Statement. Accordingly, Diehl, Evans & Company, LLP has not performed any post-audit review of the financial condition or operations of the Agency.

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## THE CONSOLIDATED REDEVELOPMENT PROJECT AREA

### General

*General.* Through the merger of four separate redevelopment project areas, the City Council, on behalf of the Agency, has created one consolidated redevelopment project area within the City, the Buena Park Consolidated Redevelopment Project Area, which generates Tax Revenues pledged to the repayment of the Bonds and which is referred to herein as the “Redevelopment Project” or the “Project Area”. The redevelopment plan that effected the merger of the Agency’s four constituent redevelopment project areas (each a “Constituent Project”, and collectively, the “Constituent Projects”) to form the Project Area was approved by Ordinance No. 1422 of the City adopted on May 7, 2002. The redevelopment plan relating to the Project Area is referred to herein as the “Redevelopment Plan.” The four Constituent Projects are as follows: (i) the Central Business District Redevelopment Project Area (the “CBD Constituent Project”), (ii) Project Area II (the “Project II Constituent Project”), (iii) Buena Park Redevelopment Project Area III (the “Project III Constituent Project”), and (iv) Buena Park Redevelopment Project Area IV (the “Project IV Constituent Project”). The Project Area encompasses approximately 3,940 acres, almost 60% of the 6,592 acres constituting the City.

The following table summarizes the Project Area.

**TABLE 2**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**Summary of Consolidated Redevelopment Project**  
**(Constituent Projects)**

Constituent Project	Adoption Date	Size of Area (acres)	Base Year Value <sup>(1)</sup>	2007-08 Assessed Value (in millions)	% of Total Consolidated Project 2007-08 Assessed Value	2007-08 Incremental Value (in millions)	% of Total Consolidated Project 2007-08 Incremental Value	2007-08 Estimated Tax Revenues (in millions) <sup>(2)</sup>	Incremental Value as % of Total Constituent Project AV
CBD – Original Area	12/3/1979	208	\$ 17,451,956	\$ 171.0	3.8%	\$ 153.5	6.4%	\$ 1.1	90%
CBD – Amendment Areas A-F, H-K	11/16/1981	300	64,339,433	525.5	11.6	461.2	19.3	3.5	88
Project Area II	10/1/1984	311	100,551,145	414.8	9.2	314.2	13.1	2.1	76
Project Area III	7/9/1990	200	89,141,251	348.3	7.7	259.1	10.8	1.0	74
Project Area IV	5/7/2002	2,921	1,857,182,321	3,063.7	67.7	1,206.5	50.4	7.2	39
Total <sup>(3)</sup> :		3,940	\$2,128,666,106	\$4,523.3	100.0%	\$2,394.6	100.0%	\$14.9	

(1) As reflected below in the tables under the caption, “– Historical Assessed Values and Incremental Values,” base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

(2) Includes assumed unitary revenues.

(3) Columns may not add due to rounding.

Source: Harrell & Company Advisors, LLC

### Redevelopment Plan Limitations

The Redevelopment Plan limits taxes, as defined in Section 33670 of the Redevelopment Law, that may be divided and allocated to the Agency with respect to the Project Area. In addition, the Redevelopment Plan limits the amount of bonded indebtedness that may be outstanding at any one time. See Table 3 below for a summary of these limitations in the Redevelopment Plan with respect to the

Project Area, as well as other limitations required under the Redevelopment Law as discussed further below.

In 1993, the California Legislature enacted AB 1290, Chapter 942, Statutes of 1993, effective January 1, 1994 ("AB 1290"). AB 1290 included (i) provisions enacting a statutory maximum limit on the time period for establishing loans, advances, and indebtedness which are payable from tax increment revenues; (ii) provisions requiring a time limit not to exceed a statutory maximum limit on the effectiveness of a redevelopment plan; and (iii) provisions requiring a time limit not to exceed a statutory maximum limit on redevelopment agency's receipt of tax increment and payment of indebtedness with tax increment.

In order to comply with AB 1290, the City adopted Ordinance No. 1309 on August 15, 1994 with respect to the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project. In 1998, AB 1342 was enacted by the State Legislature and became effective January 1, 1999. This bill permitted agencies having limits shorter than those permitted by AB 1290 to amend their plans to incorporate the maximum permitted limits allowed under AB 1290 without complying with the statutory plan amendment process. On October 26, 1999, the City Council adopted Ordinance No. 1395 with respect to the CBD Constituent Project to restate the time limitation for establishing loans, advances, and indebtedness permitted by AB 1290 and AB 1342.

In 2001, the California Legislature enacted SB 211, Chapter 741, Statutes of 2001, effective January 1, 2002 ("SB 211"). Among other things, SB 211 provides that at any time after January 1, 2002, the limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994, may be eliminated by ordinance of the legislative body. However, such elimination will trigger statutory tax sharing with those taxing entities that do not have Tax Sharing Agreements. See "-- Tax Sharing Statutes" below. Tax sharing will be calculated based on the increase in assessed valuation after the year in which the limitation would otherwise have become effective. Amounts payable to taxing agencies under the SB 211 formula are to be computed after deducting the Housing Set-Aside Amount attributable to the increase in assessed valuation. On March 26, 2002, the City Council adopted Ordinance No. 1418 with respect to the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project, which eliminated the limitation on incurring indebtedness contained in the respective Constituent Project Redevelopment Plans pursuant to SB 211.

The California Legislature subsequently enacted Senate Bill 1045, Chapter 260, Statutes of 2003, effective September 1, 2003 ("SB 1045"). SB 1045 required each redevelopment agency to make an allocation of revenue to the applicable county auditor in the 2003-04 fiscal year for deposit in the Educational Revenue Augmentation Fund ("ERAF") in the applicable county for allocation to school entities, based on a statewide aggregate allocation of \$135,000,000. Section 33683 of the Redevelopment Law provides, for the purpose of determining whether the limit on the tax increment revenue that may be allocated to the Agency has been reached, the aggregate amount of ERAF payments made by the Agency from tax increment revenue in 2003-04 and in a number of prior Fiscal Years, as required by legislation, may be deducted from the amount of tax increment revenue deemed to have been received by the Agency. SB 1045 also permits a redevelopment plan to be amended to add one year to the duration of the redevelopment plan and to the period for collection of tax increment revenues and the repayment of debt. On February 8, 2005, the City Council adopted Ordinance No. 1464 with respect to the Project Area, which added for all Constituent Projects one year to the duration of the Redevelopment Plans and one year to the period for collection of tax increment revenues and the repayment of debt, pursuant to SB 1045.

On July 28, 2004, the California Legislature enacted Senate Bill 1096, Chapter 211, Statutes of 2004, effective August 5, 2004 ("SB 1096"). SB 1096 again required a transfer to the ERAF by

redevelopment agencies for each of fiscal years 2004-05 and 2005-06, in the aggregate amount of \$250 million per year. SB 1096 permits an agency having to make an ERAF payment thereunder to extend the time limit on the effectiveness of redevelopment plans by ordinance as follows: redevelopment plans with ten years or less of effectiveness remaining from the last day of the fiscal year in which a payment is made can be extended one year for each year an ERAF payment is made; plans with 10 to 20 years remaining from the last day of the fiscal year in which a payment is made can be extended one year for each year an ERAF payment is made if the legislative body finds the agency is in compliance with major housing requirements under the Redevelopment Law; and plans with more than 20 years remaining from the last day of the fiscal year in which a payment is made cannot be extended. On March 27, 2007, the City Council adopted Ordinance No. 1496 with respect to the Project Area, which added for the CBD Constituent Project and the Project II Constituent Project two years to the duration of the Redevelopment Plans and two years to the period for collection of tax increment revenues and the repayment of debt, pursuant to SB 1096. For additional discussion about the ERAF and related risk factors, see “RISK FACTORS—State Budget; ERAF” herein.

Except as to the Project IV Constituent Project, for which no authority to utilize eminent domain was conferred, and certain exempted parcels within the CBD Constituent Project and the Project II Constituent Project, the Redevelopment Plan authorizes the Agency to employ the power of eminent domain to acquire real property within the Project Area which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method. Under the terms of the Redevelopment Plan, that power has expired with respect to all real property in the Project Area except certain territories within the CBD Constituent Project and the Project II Constituent Project which were subjected to the eminent domain authority commencing on July 26, 2005 pursuant to Ordinance No. 1471 of the City Council. The last date on which the Agency may commence an eminent domain proceeding with respect to any such territory is July 26, 2017. The Agency may use its power of eminent domain to implement redevelopment projects to be financed with the proceeds of the Bonds. See “RISK FACTORS – Eminent Domain Legislation.”

The actions taken by the City Council to date have resulted in the time limitations set forth in Table 3:

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**TABLE 3**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**Consolidated Redevelopment Project**  
**Redevelopment Plan Limitations**

<b>CONSOLIDATED REDEVELOPMENT PROJECT AREA</b>		
Merger Adoption Date:	May 7, 2002	Ordinance No. 1422
Amended and Restated Plan Adoption Date:	June 26, 2007	Ordinance No. 1501
Total Merged Project Area: approximately 3,940 acres; consisting of four Constituent Projects		
Maximum Bonded Indebtedness:	\$380,000,000	
<b>CENTRAL BUSINESS DISTRICT CONSTITUENT PROJECT</b>		
Plan Adoption Date, Original CBD Project:	December 3, 1979	Ordinance No. 1069
Amendment Areas A-F and H-K added:	November 16, 1981	Ordinances Nos. 1115-1124
Amended and Restated Plan Adoption Date:	July 20, 1992	Ordinance No. 1285
Total Project Area, Original CBD Project:	208 Acres	
Total Amendment Areas A-F and H-K:	300 Acres	
Maximum Tax Increment:	\$250,000,000	Tax Increment Received to Date: \$75,695,000
Last Date to Receive Property Taxes/Pay Debt:		
Original CBD Project:	December 3, 2032	
Amendment Areas A-F and H-K:	November 16, 2034	
Plan Termination Date:		
Original CBD Project:	December 3, 2022	
Amendment Areas A-F and H-K:	November 16, 2024	
Last Date to Incur Debt:	Eliminated	
<b>PROJECT II CONSTITUENT PROJECT</b>		
Plan Adoption Date:	October 1, 1984	Ordinance No. 1163
Total Project Area: 311 Acres		
Maximum Tax Increment:	\$150,000,000	Tax Increment Received to Date: \$34,350,000
Last Date to Receive Property Taxes/Pay Debt:	October 1, 2037	
Plan Termination Date:	October 1, 2027	
Last Date to Incur Debt:	Eliminated	
<b>PROJECT III CONSTITUENT PROJECT</b>		
Plan Adoption Date:	July 9, 1990	Ordinance No. 1246
Total Project Area: 200 Acres		
Maximum Tax Increment:	\$405,000,000	Tax Increment Received to Date: \$12,357,000
Last Date to Receive Property Taxes/Pay Debt:	July 9, 2041	
Plan Termination Date:	July 9, 2031	
Last Date to Incur Debt:	Eliminated	
<b>PROJECT IV CONSTITUENT PROJECT</b>		
Plan Adoption Date:	May 7, 2002	Ordinance No. 1421
Total Project Area: 2,921 Acres		
Maximum Tax Increment:	N/A <sup>(1)</sup>	
Last Date to Receive Property Taxes/Pay Debt:	May 7, 2048	
Plan Termination Date:	May 7, 2033	
Last Date to Incur Debt:	May 7, 2022	

(1) The Redevelopment Law does not require a redevelopment plan for a project area formed on or after January 1, 1994 to contain a limitation on the maximum amount of tax increment that can be allocated to the Agency pursuant to Section 33670 and derived from such project area. Therefore, the Project IV Constituent Project is not subject to a limitation on maximum tax increment.

Source: Community Redevelopment Agency of the City of Buena Park

## Tax Sharing Agreements

Former Section 33401 of the Redevelopment Law authorized redevelopment agencies to enter into agreements, commonly referred to as “pass-through” or “tax-sharing” agreements, providing for the payment of tax increment revenues to taxing entities in order to alleviate any detriment to the taxing entity resulting from the establishment of a redevelopment project. Pursuant to said Section 33401, the Agency has entered into numerous pass-through agreements (the “Tax Sharing Agreements”) with the County of Orange, school districts and others with respect to the Project II Constituent Project and the Project III Constituent Project.

*Project II Constituent Project.* The Agency has entered into agreements with seven (7) taxing agencies for allocation and distribution of tax increment funds with respect to the Project II Constituent Project as follows:

- *County of Orange.* Pursuant to its agreement with the County, the Agency is to pay to the County General Fund 100% of the County’s share of tax increment derived from the annual 2% (or less) inflation adjustment, and 50% of the County’s share in excess of the inflation revenue.
- *Orange County Flood Control District.* Pursuant to its agreement with the Flood Control District, the Agency is to pay to the Flood Control District 100% of its share of tax increment derived from the annual 2% (or less) inflation adjustment, and 80% of the Flood Control District’s share in excess of the inflation revenue.
- *Orange County Water District.* In each year, commencing with Fiscal Year 1985-86, the Agency will pay to the Water District a sum equal to 50% of the Water District’s share of the tax increment revenues.
- *Buena Park Library District.* The Library District is to receive 100% of its share of tax increment derived from the annual inflation adjustment, and 80% of tax increment in excess of the inflation revenue. This obligation is subordinate to bond indebtedness.
- *Anaheim Union High School District.* For each Fiscal Year, the Agency pays the Anaheim Union High School District 12% of the school district’s share of tax increment derived from the portion of the Constituent Project attributed to the school district (currently 20%).
- *Fullerton Joint Union High School District.* The Agency pays the Fullerton Joint Union High School District 12% of the school district’s share of tax increment derived from the portion of the Constituent Project that is attributed to the school district (currently 80%).
- *Orange County Board of Education.* The Agency pays annually to the Orange County Board of Education 25% of the Board’s share of tax increment from the Constituent Project.

*Project III Constituent Project.* The Agency has entered into agreements with eleven (11) taxing agencies for allocation and distribution of tax increment funds with respect to the Project III Constituent Project as follows:

- *County of Orange (General Fund and Harbors, Beaches and Parks).* Pursuant to its agreement with the County, the Agency is to pay to the County 55% of (i) its share of tax increment attributable to the County General Fund and (ii) its share of tax increment

attributable to the Harbors, Beaches and Parks County Service Area (currently in the aggregate 7.07%).

- *Orange County Flood Control District.* The Orange County Flood Control District receives 100% of its share of tax increment (currently 1.82%).
- *Orange County Department of Education.* The Agency pays annually to the Orange County Department of Education 100% of its share (currently 3.40%) of tax increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.
- *Orange County Vector Control District.* Pursuant to its agreement with the Orange County Vector Control District, the Agency pays the district annually 100% of its share (currently 0.10%) of tax increment.
- *Orange County Water District.* The Water District receives 50% of its share (currently 0.74%) of the tax increment.
- *North Orange County Community College District.* The Community College District receives 100% of its share (currently 6.41%) of tax increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.
- *Anaheim Union High School District.* For each Fiscal Year, the Agency pays the Anaheim Union High School District 50% of its stipulated share of tax increment (14.4%) over the entirety of the Constituent Project.
- *Fullerton Joint Union High School District.* The Agency pays the Fullerton Joint Union High School District 25% of the school district's share (currently 20.6%) of tax increment derived from the portion of the Constituent Project that is attributed to the school district. The school district's weighted average share of the entire Constituent Project is currently 3.57%.
- *Buena Park School District.* The Buena Park School District receives 50% of its share (currently 23.1%) of tax increment derived from the annual inflation adjustment from that portion of the Constituent Project that is attributed to the school district. The school district also receives 50% of its share of tax increment for such portion of the Constituent Project net of the inflationary amount. The school district's weighted average share of the entire Constituent Project is currently 4.01%.
- *Centralia School District.* The Centralia School District receives 100% of its share (currently 33.0%) of tax increment derived from the annual inflation adjustment from that portion of the Constituent Project that is attributed to the school district. The school district also receives 23.56% of its share of tax increment for such portion of the Constituent Project net of the inflationary amount. The school district's weighted average share of the entire Constituent Project is currently 28.09%.
- *Buena Park Library District.* The Library District receives 80% of its share (currently 2.79%) of tax increment. This amount is subordinate to bond indebtedness.

## Payment of Taxes

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31.

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the January 1 lien date for property within the boundaries of the Project Area. This results in the reported total current year Project Area taxable value and becomes the basis of determining tax increment revenues due to the Agency. Although adjustments to taxable values for property within the Project Area may occur throughout the fiscal year to reflect escaped assessments, roll corrections, etc., such adjustments are not assumed on the tax increment projection. The County remits tax monies to the redevelopment agencies within the County in nine installments, commencing mid-November through late July of each year. Major payments for secured taxes are typically made in December and April.

The County has adopted an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code, which requires the County to pay 100% of secured property taxes due to participating local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

However, the redevelopment agencies within the County do not participate in the County Teeter Plan, and therefore their respective receipts of tax increment revenues is subject to variation depending on delinquency and collection rates. See "RISK FACTORS – Levy and Collection."

The table below sets forth the collection rates for tax increment derived from property in the Project Area and paid to the Agency in the year levied.

**TABLE 4**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**  
**Consolidated Redevelopment Project**  
**Tax Collections**

Fiscal Year	Original Levy <sup>(1)</sup>	Supplemental / Adjustments	Remitted to Agency <sup>(2)</sup>	Percentage Collected <sup>(3)</sup>
2002-03	\$ 7,520,207	\$ 210,208	\$ 7,678,285	99.3%
2003-04	9,368,348	1,456,168	10,450,863	96.0
2004-05	13,116,712	2,166,144	15,176,961	99.2
2005-06	16,503,838	1,794,908	18,917,088	103.7
2006-07	20,205,254	4,455,575	24,133,946	97.4

(1) Based on the August 20 equalized roll.

(2) Includes supplemental assessments, collection of prior years' delinquent taxes, penalties, current year delinquencies, refunds, and impounds, but excludes County administrative charges and allocated interest.

(3) Based on data provided by the County, these percentages represent the payment of taxes in the year actually levied.

Source: Orange County Auditor-Controller; Harrell & Company Advisors, LLC.

## Appeals of Assessed Values

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Appeals may also be filed under Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

As of January 2008, there are 39 appeals pending within the Project Area, of which 29 relate to property values assessed on the 2007-08 tax roll. The remaining 10 pending appeals relate to prior years' tax rolls.

The 2007-08 tax roll value under appeal is \$74,395,890. One of the appeals was filed by Lennar Homes of California ("Lennar"), one of the largest taxpayers in the Project Area. The property value under appeal by Lennar is \$36,720,000. There are no other appeals currently pending with respect to any of the other ten largest taxpayers in the Project Area.

In the last five years, 32% of properties for which appeals were filed were successful in obtaining a reduction in value and that reduction has averaged approximately 12% of the original assessment. However, for 2006-07, the average reduction granted was 37%, because US Union Tool was granted a 45% reduction in their \$17 million assessed value. This reduction was primarily related to unsecured

personal property values. Excluding the US Union Tool appeal, the average reduction for successful appeals was 17%.

### **Tax Sharing Statutes**

The enactment of AB 1290, effective in 1994, amended the Redevelopment Law to establish a statutory formula for the distribution of future tax increments to other taxing agencies who collect taxes from the Project Area ("Statutory Tax Sharing"), to the extent no Tax Sharing Agreement was entered into between the Agency and such taxing agency prior to January 1, 1994. Statutory Tax Sharing applies to, among other things, a redevelopment project area for which a redevelopment plan is adopted on or after January 1, 1994 (i.e., the Project IV Constituent Project); a redevelopment plan adopted prior to January 1, 1994 that was amended subsequent to that date to increase the limitation on the number of dollars to be allocated to the redevelopment agency (i.e., the CBD Constituent Project); or a redevelopment plan adopted prior to January 1, 1994 that was amended subsequent to that date to increase or eliminate the time limit on establishing loans, advances, and indebtedness (i.e., the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project). The effect of the application of the Statutory Tax Sharing statutes is that all Constituent Projects within the Project Area are subject to Statutory Tax Sharing with taxing agencies for which no Tax Sharing Agreement was entered into prior January 1, 1994.

With respect to a redevelopment project area for which a redevelopment plan is adopted on or after January 1, 1994 (i.e., the Project IV Constituent Project), Statutory Tax Sharing requires a redevelopment agency to pay to affected taxing agencies aggregate amounts from tax increment (which are allocated to such agencies in proportion to the percentage share of property taxes of each affected taxing agency) as follows:

- (a) commencing with the first fiscal year in which the agency receives tax increments from the redevelopment project area and continuing through the last fiscal year in which the agency receives tax increments from the redevelopment project area, an amount equal to 25% of tax increment revenues received by the agency from the redevelopment project area after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;
- (b) in addition to amounts payable as described in (a) above and after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted, commencing in the 11th fiscal year in which the agency receives tax increments from the redevelopment project area and continuing through the last fiscal year in which the agency receives tax increments from the redevelopment project area, an amount equal to 21% of tax increment revenues received by the agency from the redevelopment project area, calculated by applying the tax rate against the amount of assessed value by which the current fiscal year assessed value exceeds the assessed value of the redevelopment project area in the 10th fiscal year in which the agency receives tax increments from such redevelopment project area; and
- (c) in addition to amounts payable as described in (a) and (b) above and after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted, commencing in the 31st fiscal year in which the agency receives tax increments from the redevelopment project area and continuing through the last fiscal year in which the agency receives tax increments from the redevelopment project area, an amount equal to 14% of tax increment revenues received by the agency from the redevelopment project area, calculated by applying the tax rate against the amount of assessed value by which the current fiscal year assessed value exceeds the assessed value of the redevelopment project area in the 30th fiscal year in which the agency receives tax increments from such redevelopment project area.

The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

With respect to a redevelopment project area adopted prior to January 1, 1994 for which Statutory Tax Sharing is implemented as a result of an amendment subsequent to that date to increase the limitation on the number of dollars to be allocated to the redevelopment agency (i.e., the CBD Constituent Project) or for which Statutory Tax Sharing is implemented as a result of an amendment subsequent to that date to increase or eliminate the time limit on establishing loans, advances, and indebtedness (i.e., the CBD Constituent Project, the Project II Constituent Project, and the Project III Constituent Project), Statutory Tax Sharing requires a redevelopment agency to pay to affected taxing agencies aggregate amounts from tax increment (which are allocated to such agencies in proportion to the percentage share of property taxes of each affected taxing agency) in accordance with paragraphs (a), (b), (c) above; provided, for the purposes of such calculations, (i) the "first fiscal year" shall be the first fiscal year following the fiscal year in which the limitation being amended would have taken effect without the amendment or, if more than one limitation is being amended, the first year in which one or more of the limitations would have taken effect without the amendment (the "Adjusted Base Year"), and (ii) the amounts calculated shall be calculated against the amount of assessed value by which the current year assessed value exceeds the Adjusted Base Year assessed value.

With respect to the CBD Constituent Project and the Project II Constituent Project, the Adjusted Base Year is Fiscal Year 2003-04, and Statutory Tax Sharing payments with respect to such Constituent Projects commenced in Fiscal Year 2004-05 to certain affected taxing agencies pursuant to Section 33607.7, except for the City. With respect to the Project III Constituent Project, the Adjusted Base Year is Fiscal Year 2009-10, and Statutory Tax Sharing payments with respect to such Constituent Project will commence in Fiscal Year 2010-11 to certain affected taxing agencies pursuant to Section 33607.7, except for the City.

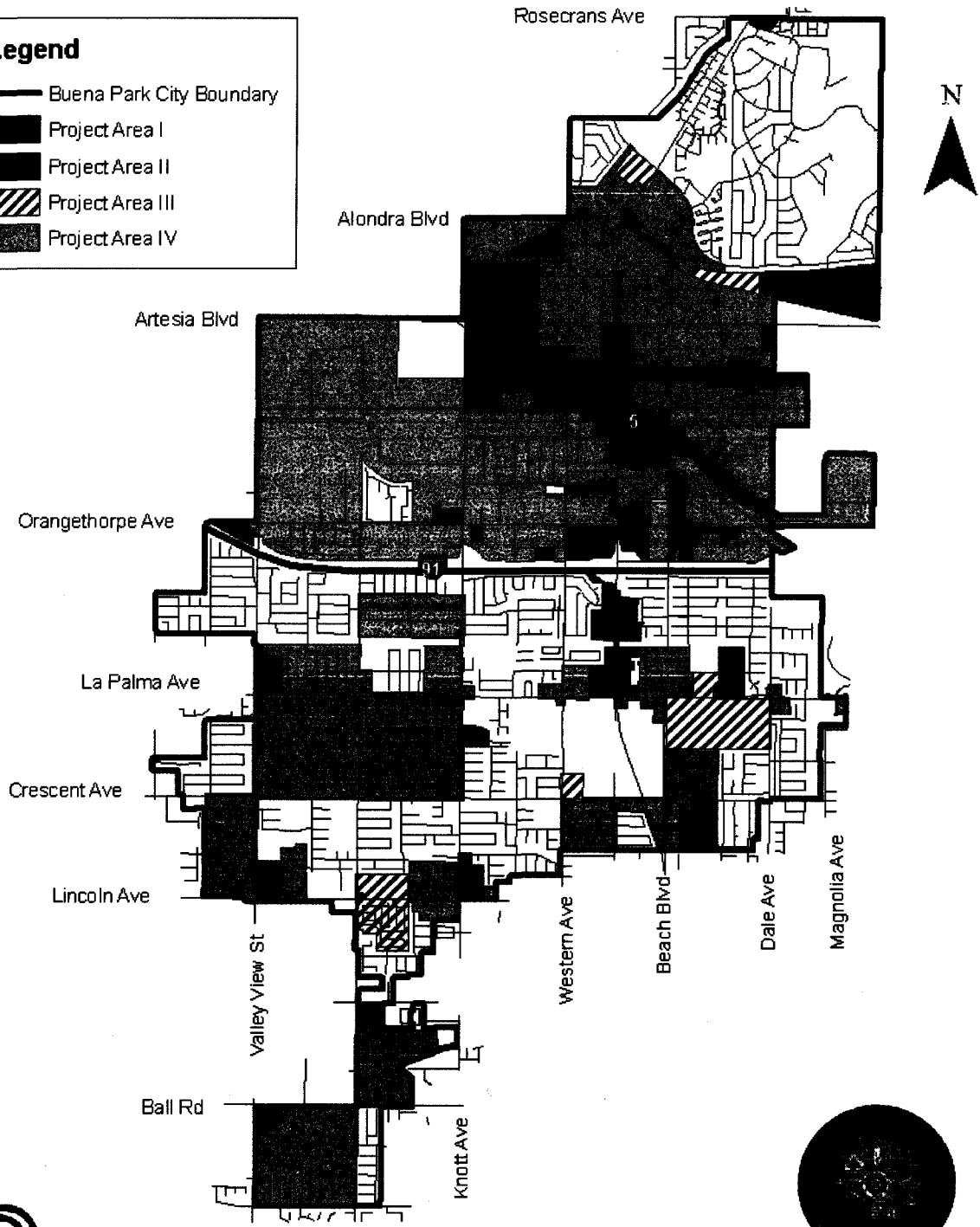
Under the Redevelopment Law, the Agency may subordinate the amount required to be paid to an affected taxing agency to indebtedness subsequently incurred by the Agency after receiving the consent of the affected taxing agency. The City has not consented to subordination of amounts otherwise due to the City pursuant to Statutory Tax Sharing to the Agency's debt service payments for the Bonds, nor have any other affected taxing agencies been asked for consent to the subordination of their tax increment payments to the Bonds. Therefore, the projections of Tax Revenues under the caption " - Projected Taxable Value, Tax Revenues, and Debt Service Coverage" and in "APPENDIX G - FINANCIAL ADVISOR'S PROJECTED TAX REVENUES REPORT" are reduced by the estimated amounts of such payments to affected taxing agencies.

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# Redevelopment Plan Map

**Legend**

- Buena Park City Boundary
- Project Area I
- Project Area II
- ▨ Project Area III
- ▩ Project Area IV





## **The Redevelopment Project**

As discussed above, the Project Area encompasses approximately 3,940 acres, almost 60% of the 10.3 square miles constituting the City. The four Constituent Projects of the Project Area are the CBD Constituent Project, the Project II Constituent Project, the Project III Constituent Project, and the Project IV Constituent Project. The Constituent Projects were merged pursuant to the City Council's adoption of Ordinance No. 1422 on May 7, 2002 to form the Project Area and to improve administrative and financial flexibility.

The purposes of the Redevelopment Plan are to provide a mechanism for improving the quality of residential and non-residential neighborhoods within the City and to eliminate or alleviate those physical and economic conditions causing blight as defined under the Redevelopment Law. Objectives of the Redevelopment Plan include cooperation and participation of residents, business persons, public agencies and community organizations in the revitalization of the area; encouragement of modern, integrated, and diverse development with high concern for architectural, landscape, and urban design character; acquisition and assembly of land into reasonably sized and shaped parcels to remove impediments to development; improvement of pedestrian and vehicular circulation coordinated with land uses and densities, including installation, construction, reconstruction, redesign, or reuse of streets, utilities, curbs, gutters, and sidewalks; expansion and improvement of public transportation services; encouragement of investment by the private sector in redevelopment of the area; expansion, renovation, and relocation of existing commercial structures to enhance economic viability; expansion and development of commercial activity, including but not limited to auto dealerships and a specialty commercial and office professional center; expanded open spaces for recreational uses and the preservation of views, natural character, and topography; increased public service facilities and utilities, including but not limited to libraries, senior citizen centers, youth centers, cultural centers, parks and recreation facilities, and a center for public activities; construction of a new police facility on currently vacant property; encouragement of non-sensitive uses in areas of high noise exposure and development of safeguards against noise and pollution; and growth and improvement of the City's supply of very low, low, and moderate income residential uses.

In addition, the Redevelopment Plan identifies specific goals for the CBD Constituent Project: preservation and enhancement of the varied and distinctive character of the City's central business district ("CBD"), as well as the promotion of the CBD as a cultural center; promotion of the economic well being of the CBD by diversification of its commercial base and employment opportunities; retention and rehabilitation of small businesses throughout the CBD, especially along portions of Beach Boulevard, encouraged by redevelopment assistance by the Agency; development of off-street parking with access to Beach Boulevard; examining problems associated with street parking on Beach Boulevard and implementing strategies for their correction; and provision of a up-to-date and modern Police-Safety Facility within the CBD which is centrally located to the entire Consolidated Project Area.

*The Central Business District (CBD) Constituent Project.* The CBD Constituent Project was created in 1979, consisting of a 208 acre commercial corridor bordering the Interstate 5 Freeway. This freeway is a major north-south transportation corridor connecting southern California with the central valley. The redevelopment project was amended in 1981 to add approximately 300 acres of underdeveloped or underutilized commercial and industrial properties throughout the City.

The Buena Park Auto Center has been developed along Interstate 5, and spans both the CBD Constituent Project and Project II Constituent Project. Dealerships located in the Auto Center include Carmax, Honda, Toyota, House of Imports, Mercedes, Acura, Buick/Pontiac/GMC, Nissan, Ford and

BMW. The Agency assisted Power Toyota, Buena Park Honda, Ken Grody Ford, Simpson Buick/Pontiac/GMC and Carmax in assembling the sites for their facilities. The most recent activities in the Auto Center include the 13-acre Carmax opening in 2004, the Shelley BMW showroom expansion, parking structure and new repair facility completed in May 2007, and the grand opening of a new Acura dealership in January 2008. House of Imports is currently obtaining permits to construct a new parking structure on a portion of their existing site, with completion estimated in 2010.

The Agency owns or anticipates it will acquire an additional 8.5 acres along Auto Center Drive to assist in locating additional dealerships to the center. Many of the properties are owned by CalTrans, which is currently using the properties as a staging area for construction equipment relating to the widening of Interstate 5.

Buena Park Place, a retail center including Kohl's, Circuit City, Michael's, Office Depot and a variety of restaurant chains, spans both the CBD Constituent Project and the Project III Constituent Project. It is located directly across the street from the Buena Park Mall. The center contains over 275,000 square feet of leasable space on 21 acres.

Target Stores purchased the former Sequoia Conference Center, a 15.4 acre property on Orangethorpe Ave. Target's new building opened in 2005, and construction of an additional 50,000 square feet of retail space at the new shopping center was completed in 2007.

Larger industrial uses in the CBD Constituent Project include Village Park, owned by LBA Realty Fund Holding Co. Village Park is a 27 acre industrial park with 7 buildings totaling over 325,000 square feet. Tenants include ADP, Copper Lighting, Fastech, Cygnus Sportswear, RealMex Foods, BidBuy and Hockiki. This industrial park was built in 1981. Another large industrial development is owned by Oltmans/SC Investment, which was built in 1982 and includes over 545,000 square feet of warehouse/manufacturing space on 25.6 acres. The City's overall vacancy rates in the fourth quarter of 2007 for warehouse and industrial property was 2.32%.

Until 2005, a Nabisco factory was also located in the CBD Constituent Project. The facility was closed and subsequently sold to a developer. The City has completed the environmental impact report and zone changes required to develop the site. The project, 24 acres of retail with big box uses as well as in-line shops, is expected to be completed in 2010. The site is located directly across from an off-ramp of the Interstate 5 freeway.

Future retail development in the CBD Constituent Project is expected to occur on 12.5 acres of land at the corner of Beach Boulevard and Orangethorpe Avenue. Previously, multiple ownership and existing development (gas station, car wash, motel, house and office building situated on the corner of the site) had prevented development from occurring on this important entry into the City. The developer, M&D Properties, currently owns 7 vacant acres, the adjacent office building, and the residential unit. The Agency recently acquired the motel and is preparing to assist with assembling additional parcels if necessary. The developer is proposing a 300-room hotel, 350,000 square feet of retail space, and 1,000 residential units and /or office space be developed on the site. The developer is in the process of completing the environmental impact report for the site.

Residential development in the CBD Constituent Project includes Lakeside, a gated community of approximately 350 detached and attached homes around a 7-acre man made lake. Townhomes are currently selling at \$450,000, detached homes starting at \$600,000, and lakeside homes continue to be offered at over \$1 million. The neighborhood was built between 1998 and 2000 and is nearby to the newly opened Metrolink Station. The Metrolink Station opened in September 2007 and provides parking for approximately 300 cars. The station is designed to replicate the architecture of Independence Hall.

*The Project II Constituent Project.* The Project II Constituent Project was created in 1984. The 311 acre redevelopment project includes a portion of the City's Entertainment Corridor (referred to as the E-Zone), as well as other neighborhood commercial areas throughout the City.

The E-Zone is approximately one mile in length, extending from Knott's Berry Farm, a major southern California amusement park, to the 91 Freeway. Knott's Berry Farm is not located within the Project II Constituent Project, but most to the surrounding E-Zone businesses are. These include Medieval Times and Pirates Dinner Adventure dinner theaters, Holiday Inn, Radisson Hotel, Courtyard by Marriott and a variety of other motor inns, restaurants and retail establishments. The former Movieland Wax Museum was acquired by the Agency in 2007 and the 8.7-acre site is expected to be redeveloped with hotel, retail or additional attractions. In the last few years, the Agency has spent significant resources on acquiring older motels in the E-Zone, and expects to redevelop those sites with compatible E-Zone uses as well.

*The Project III Constituent Project.* The Project III Constituent Project was established in 1990. It consists of 200 acres of commercial and residential uses in five non-contiguous areas throughout the City.

The largest development in the Project III Constituent Project is "Buena Park Downtown," a 1.1 million square foot retail complex comprised of the Buena Park Mall, Park Central Entertainment Center and Buena Park Place. The Buena Park Mall was originally built in the 1950's and has undergone several remodels. The most recent renovation was completed in 2003. The Buena Park Mall contains over 782,000 square feet of retail space, including 149,000 square feet of space owned by Sears. Larger tenants include Wal-Mart, Ross Dress for Less, Bed Bath & Beyond, 24 Hour Fitness, and DSW Shoe Warehouse. John's Incredible Pizza is expected to open a 55,200 square foot restaurant and entertainment center. Adjacent to the mall, the developer also created the Park Central Entertainment Center, a 137,000 square foot open-air entertainment center anchored by an 18-screen Krikorian Metroplex Theatres and featuring a variety of restaurants and in-line retail shops. Buena Park Place is located across the street from the mall and described above under CBD Constituent Project developments.

There are two large shopping centers near the intersection of Beach Boulevard and Malvern Avenue near the northern edge of the City. One of these centers, owned by HK Fullerton, is located in the Project III Constituent Project and the center opposite is located in the Project IV Constituent Project. The HK Fullerton center is anchored by SuperMart, and includes a large galleria style shopping area. The center is located on 12 acres and contains over 112,000 square feet of retail space.

The Agency partnered with Cal State Fullerton University to develop 86 single-family homes in the Project III Constituent Project. The homes were developed to assist with housing for professors and staff of the University. The development is also nearby the new Metrolink station.

Lennar Homes of California owns approximately 18 acres of vacant land along Lincoln Avenue between Valley View and Knott Avenues. The developer has development approval to build 122 single family homes on the site. Grading has commenced and the developer expects to build a gated neighborhood, with houses ranging from 2,050 square feet to 2,922 square feet.

*The Project IV Constituent Project.* The Project IV Constituent Project was created in 2002, with over 2,900 acres of mixed uses. The area contains several commercial properties and the primary industrial section of the City. The area also includes a majority of the residential property north of the 91 Freeway, encompassing approximately 10,000 residential units mostly built between 1960 and 1980.

The largest industrial uses, which include manufacturing and distribution facilities, are operated or owned by PRI Buena Park Industrial California, Alticor, and JC Penney.

PRI Buena Park Industrial California owns the Commerce Centre at Buena Park. This property was formerly a major distribution facility for the Lucky/Albertson's food stores. When the supermarket closed the facility in 2001, the Agency assisted the developer in fast-tracking the permit process for development of the property and creating a plan for reuse. It contains over 1,200,000 square feet of warehouse and manufacturing space on 61 acres. Tenants include Legacy Farms, Dr. Fresh, Inc., Parts Plus, Filbur Manufacturing, and Service Craft Logistics.

Alticor, parent company of Amway and Nutrilite, owns 135,000 square feet of manufacturing, distribution and office space. The facilities span both the Project IV Constituent Project and the Project II Constituent Project, with the main office space located in the Project IV Constituent Project. The facilities were constructed in stages, with another expansion of approximately 16,000 square feet (in the Project II Constituent Project) added in December 2007.

JC Penney has a large distribution center located in the Project IV Constituent Project. The facility is over 1 million square feet, located on approximately 42 acres. JC Penney also owns an adjacent 5 story office building, the site of their former corporate offices. The office building is currently leased to multiple tenants.

Many industrial properties have undergone ownership and use changes over the past several years. The Agency has been successful in assisting with such reuse. A facility formerly operated by Ultrawheel now houses facilities for Beacon Moving Solutions, and a former Mead Paper company facility is now providing manufacturing space for Corru-Kraft and Sunclipse North America. A Seven-Up bottling facility is also located in the Project IV Constituent Project.

Commercial development in the Project IV Constituent Project includes a recently renovated former K-Mart shopping center. When K-Mart closed its store in 2003, the Agency assisted the new owner with the entitlement process and the redeveloped center now contains Marshalls, Joann Fabrics & Crafts and dd's Discounts (an outlet of Ross Dress for Less).

Recent housing development in the Project IV Constituent Project was built by Olson Housing. Olson Housing recently developed Founders Walk in the, a 100 unit residential development near the new Metrolink station. The development consists of 2- and 3-story townhomes. The final phase is being marketed. Most homes have been sold to individuals. Adjacent to Founders Walk is another housing development to be built by Taylor Woodrow. Development of 98 homes has been approved, and construction has begun on 30 units.

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Assessed value by land use for Fiscal Year 2007-08 in the Project Area is shown by Constituent Project in the following table.

**TABLE 5**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**Assessed Value by Land Use Category, by Constituent Project**  
**Fiscal Year 2007-08**

	CBD Amendment		Project II	Project III	Project IV	Combined
	CBD	Areas A-F, H-K				
Residential	26%	53%	22%	34%	59%	52%
Commercial	56	32	52	42	9	20
Industrial	2	9	3	0	17	13
Vacant	2	0	2	0	1	1
Other	3	1	10	12	6	6
Total Secured	89%	95%	89%	88%	92%	92%
Unsecured	11	5	11	12	8	8
Total:	100%	100%	100%	100%	100%	100%

Source: Harrell & Company Advisors, LLC

The top 10 taxpayers in the Project Area are as follows:

**TABLE 6**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**Ten Largest Property Tax Payers<sup>(1)</sup>**  
**Fiscal Year 2007-08**

<u>Property Owner</u>	<u>Constituent Project</u>	<u>Assessed Value</u>	<u>% of Total<sup>(2)</sup></u>	<u>Use</u>
PRI Buena Park Ind. CA LLC	Project IV	\$121,800,000	2.7%	Industrial
Coventry II DDR Buena Park LLC	Project III /			
Lennar Homes CA Inc.	CBD Amendment	100,023,960	2.2	Commercial/Mall
Olson 737 Buena Park 3 LLC	Project III	36,720,000	0.8	Vacant Residential
LBA Realty Fund Holding Co. II LLC	Project IV	35,886,921	0.8	Residential
Alticor Inc.	CBD Amendment	34,949,846	0.8	Industrial
J C Penney Properties Inc.	Project IV	30,660,573	0.7	Industrial/Office
Oltmans/SC Investments	Project IV	28,417,444	0.6	Warehouse
Amway Corporation	CBD Amendment	26,531,107	0.6	Warehouse
HK Fullerton LLC	Project IV	26,500,342	0.6	Industrial/Office
	Project III	25,646,068	0.6	Commercial
Totals		\$467,136,261	10.4%	

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on 2007-08 Local Secured Assessed and Unsecured Valuation for the entire Project Area: \$4,523,261,179.

Source: Community Redevelopment Agency for the City of Buena Park; Harrell & Company Advisors, LLC

### **Historical Assessed Values and Incremental Values**

The following tables on the following pages show historical assessed values and increment revenues of the taxable property within the Constituent Projects over the past 5 years. See also “APPENDIX G— FINANCIAL ADVISOR’S PROJECTED TAX REVENUES REPORT” herein.

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**TABLE 7  
CONSOLIDATED REDEVELOPMENT PROJECT  
CBD CONSTITUENT PROJECT, ORIGINAL AREA – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 103,389,842	\$ 118,482,294	\$ 127,867,020	\$ 146,273,054	\$ 152,448,483
Unsecured <sup>(1)</sup>	17,088,710	20,262,404	20,700,006	26,856,683	18,551,087
Total	\$ 120,478,552	\$ 138,744,698	\$ 148,567,026	\$ 173,129,737	\$ 170,999,570
Less: Base year <sup>(2)</sup>	(18,194,156)	(18,111,356)	(18,083,556)	(17,573,596)	(17,451,956)
Incremental Increase	\$ 102,284,396	\$ 120,633,342	\$ 130,483,470	\$ 155,556,141	\$ 153,547,614
Change in secured AV:		14.6%	7.9%	14.4%	4.2%
Change in total AV:		15.2%	7.1%	16.5%	(1.2%)

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller; Harrell & Company Advisors, LLC

**TABLE 8  
CONSOLIDATED REDEVELOPMENT PROJECT  
CBD CONSTITUENT PROJECT, AMENDMENT AREAS A-F, H-K – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 409,870,913	\$ 426,507,411	\$ 428,889,078	\$ 466,231,609	\$ 498,951,838
Unsecured <sup>(1)</sup>	26,301,121	20,306,216	20,393,815	24,926,436	26,560,195
Total	\$ 436,172,034	\$ 446,813,627	\$ 449,282,893	\$ 491,158,045	\$ 525,512,033
Less: Base year <sup>(2)</sup>	(64,411,942)	(64,411,942)	(64,411,942)	(64,411,942)	(64,339,433)
Incremental Increase	\$ 371,760,092	\$ 382,401,685	\$ 384,870,951	\$ 426,746,103	\$ 461,172,600
Change in secured AV:		4.1%	0.6%	8.7%	7.0%
Change in total AV:		2.4%	0.6%	9.3%	7.0%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller; Harrell & Company Advisors, LLC

**TABLE 9  
CONSOLIDATED REDEVELOPMENT PROJECT  
PROJECT II CONSTITUENT PROJECT – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 285,044,385	\$ 298,730,685	\$ 328,612,075	\$ 344,701,522	\$ 368,749,522
Unsecured <sup>(1)</sup>	36,177,062	38,016,806	38,943,001	45,500,207	46,003,180
<b>Total</b>	<b>\$ 321,221,447</b>	<b>\$ 336,747,491</b>	<b>\$ 367,555,076</b>	<b>\$ 390,201,729</b>	<b>\$ 414,752,702</b>
Less: Base year <sup>(2)</sup>	(101,098,224)	(101,073,568)	(101,073,568)	(100,589,532)	(100,551,145)
<b>Incremental Increase</b>	<b>\$ 220,123,223</b>	<b>\$ 235,673,923</b>	<b>\$ 266,481,508</b>	<b>\$ 289,612,197</b>	<b>\$ 314,201,557</b>
Change in secured AV:		4.8%	10.0%	4.9%	7.0%
Change in total AV:		4.8%	9.1%	6.2%	6.3%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller; Harrell & Company Advisors, LLC

**TABLE 10  
CONSOLIDATED REDEVELOPMENT PROJECT  
PROJECT III CONSTITUENT PROJECT – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 184,301,736	\$ 220,431,384	\$ 247,452,674	\$ 273,951,598	\$ 305,089,741
Unsecured <sup>(1)</sup>	9,689,176	17,824,854	21,383,234	21,849,579	43,194,505
<b>Total</b>	<b>\$ 193,990,912</b>	<b>\$ 238,256,238</b>	<b>\$ 268,835,908</b>	<b>\$ 295,801,177</b>	<b>\$ 348,284,246</b>
Less: Base year <sup>(2)</sup>	(89,141,251)	(89,141,251)	(89,141,251)	(89,141,251)	(89,141,251)
<b>Incremental Increase</b>	<b>\$ 104,849,661</b>	<b>\$ 149,114,987</b>	<b>\$ 179,694,657</b>	<b>\$ 206,659,926</b>	<b>\$ 259,142,995</b>
Change in secured AV:		19.6%	12.3%	10.7%	11.4%
Change in total AV:		22.8%	12.8%	10.0%	24.9%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller; Harrell & Company Advisors, LLC



**TABLE 11  
CONSOLIDATED REDEVELOPMENT PROJECT  
PROJECT IV CONSTITUENT PROJECT – HISTORICAL ASSESSED VALUATION**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$ 1,837,172,350	\$ 2,017,579,288	\$ 2,331,579,697	\$ 2,546,754,084	\$ 2,847,706,666
Unsecured <sup>(1)</sup>	26,620,550	249,127,639	202,668,927	239,665,976	216,005,962
<b>Total</b>	<b>\$ 1,863,792,900</b>	<b>\$ 2,266,706,927</b>	<b>\$ 2,534,248,624</b>	<b>\$ 2,786,420,060</b>	<b>\$ 3,063,712,628</b>
Less: Base year <sup>(2)</sup>	(1,857,250,132)	(1,857,031,282)	(1,857,182,321)	(1,857,182,321)	(1,857,182,321)
<b>Incremental Increase</b>	<b>\$ 6,542,768</b>	<b>\$ 409,675,645</b>	<b>\$ 677,066,303</b>	<b>\$ 929,237,739</b>	<b>\$ 1,206,530,307</b>
Change in secured AV:		9.8%	15.6%	9.2%	11.8%
Change in total AV:		21.6%	11.8%	10.0%	10.0%

(1) Taxable valuation at 100% of Assessor's market value, as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller; Harrell & Company Advisors, LLC

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## **Current Debt Structure**

Other than the Bonds, the 2008A Bonds, the 2003 Bonds, and the 2000 Bonds, the Agency has the following long-term obligations payable from Tax Revenues of the Redevelopment Project:

*CarMax Promissory Note.* Pursuant to a promissory note dated September 3, 2003, by and between the Agency and CarMax Auto Superstores West Coast, Inc. ("CarMax"), in the principal amount of \$4,318,718.00, bearing interest at 8% per annum, compounded annually (the "CarMax Promissory Note"), the Agency has agreed to pay to CarMax, within 120 days after the conclusion of each calendar quarter, payments of sales tax received and retainable by the City (or within 45 days after receipt of other revenues which replace or backfill such sales tax) in amounts equal to at least 40% of the amount of sales tax revenues received by the City which were generated due to point of sales transactions on the CarMax site within the CBD Constituent Project during the immediately preceding calendar quarter. The Agency's obligation to repay the indebtedness evidenced by the CarMax Promissory Note, and the note itself, expire by its terms on the tenth anniversary of the issuance of the Certificate of Occupancy at the CarMax site, regardless of whether or not the outstanding balance has been repaid.

Pursuant to the Disposition and Development Agreement between the Agency and CarMax, as amended, the Agency pledges to CarMax all unencumbered tax increment available to the Agency as of May 12, 1998 as security for the anticipated CarMax Promissory Note, although the CarMax Promissory Note itself was not issued until September 3, 2003. As further security for the CarMax Promissory Note, the Agency agrees therein that it will not voluntarily relinquish to the State or any other entity any portion of the tax increment generated from CarMax's use and improvement of the CarMax site and that no indebtedness incurred by the Agency subsequent to the CarMax Promissory Note, i.e., the Bonds, will have greater priority than the indebtedness evidenced by the CarMax Promissory Note. Accordingly, Tax Revenues exclude, with respect to the payment of Debt Service on the 2008A Bonds and the Bonds, amounts payable by the Agency pursuant to the CarMax Promissory Note. See "SECURITY FOR THE BONDS – Tax Revenues."

As of June 30, 2007, the outstanding principal amount on the CarMax Promissory Note was \$5,326,669. To date, the Agency has made all quarterly payments on the CarMax promissory note from Agency funds remaining after the payment of Debt Service on the 2000 Bonds and the 2003 Bonds. The Agency expects that Tax Revenues remaining after making scheduled debt service payments on the Bonds, the 2008B Bonds, the 2003 Bonds, and the 2000 Bonds will be sufficient to make payments on the CarMax Promissory Note.

*Certain Subordinate Obligations.* Additionally, the Agency has entered into a number of additional Disposition and Development Agreements, Participation Agreements, and Owner Participation Agreements to assist various commercial developers (retailers) within the Project Area, by which the Agency has agreed to make payments to such developers on periodic bases. Such payments under these additional agreements are payable from Agency funds but unsecured (i.e., without any pledge of tax increment or any other Agency funds). Therefore, the Agency's obligations under such agreements are subordinate to its obligations to make payments on the Bonds, the 2008A Bonds, the 2003 Bonds, and the 2000 Bonds.

## **Projected Taxable Value, Tax Revenues, and Debt Service Coverage**

The Agency has retained the Financial Advisor to provide projections of taxable valuation and Tax Revenues from developments in the Project Area. See "APPENDIX G – FINANCIAL ADVISOR'S PROJECT TAX REVENUES REPORT." The Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated

events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. Investors should read the complete Projected Tax Revenues Report found in APPENDIX G to this Official Statement. The following tables show the projected taxable valuation and Tax Revenues, together with the estimated debt service coverage of the Bonds, using Fiscal Years 2007-08 through 2022-23 projected Tax Revenues.

**TABLE 12**  
**CONSOLIDATED REDEVELOPMENT PROJECT**  
**Projected Tax Revenues and Debt Service Coverage**

Fiscal Year	Projected Tax Revenues, including amounts payable to CarMax <sup>(1)</sup>	CarMax Promissory Note	Pledged Tax Revenues	Debt Service				Debt Service Coverage
				Parity Bonds Debt Service <sup>(2)</sup>	2008 Series A Debt Service	2008 Series B Debt Service	Total Debt Service	
2007-08	\$14,882,950	(\$250,000)	\$14,632,950	\$2,375,000	\$1,303,881	\$ 326,036	\$4,004,917	3.65
2008-09	15,351,000	(255,000)	15,096,000	2,375,000	2,782,270	2,595,179	7,752,449	1.95
2009-10	15,829,450	(260,100)	15,569,350	2,375,000	2,779,270	2,581,031	7,735,301	2.01
2010-11	16,323,600	(265,302)	16,058,298	2,375,000	2,776,020	2,560,101	7,711,121	2.08
2011-12	16,828,750	(270,608)	16,558,142	2,375,000	2,887,520	2,057,643	7,320,163	2.26
2012-13	17,241,850	(276,020)	16,965,830	2,375,000	2,899,458	2,047,420	7,321,878	2.32
2013-14	17,659,900	(281,541)	17,378,359	2,375,000	2,910,293	2,055,678	7,340,971	2.37
2014-15	18,054,050	--	18,054,050	1,667,000	3,145,093	3,281,204	8,093,297	2.23
2015-16	18,458,150	--	18,458,150	1,667,000	3,164,093	3,279,906	8,110,999	2.28
2016-17	18,866,850	--	18,866,850	1,667,000	3,175,873	3,281,624	8,124,497	2.32
2017-18	19,285,100	--	19,285,100	1,667,000	3,200,573	3,275,751	8,143,324	2.37
2018-19	19,713,300	--	19,713,300	1,667,000	3,227,448	3,282,286	8,176,734	2.41
2019-20	20,147,200	--	20,147,200	1,667,000	3,265,488	3,280,651	8,213,139	2.45
2020-21	20,593,750	--	20,593,750	1,667,000	3,279,863	3,274,636	8,221,499	2.50
2021-22	21,044,300	--	21,044,300	1,667,000	3,316,463	3,273,929	8,257,392	2.55
2022-23	21,506,950	--	21,506,950	1,667,000	3,287,713	3,272,592	8,227,305	2.61

(1) See “APPENDIX G – FINANCIAL ADVISOR’S PROJECTED TAX REVENUES REPORT – Projected Tax Revenues” for a description of the assumptions used by the Financial Advisor in calculating the Projected Tax Revenues including, but not limited to, the assumption that the 2007-08 secured roll would increase 2% annually for inflation in future years.

(2) Debt service on the 2000 Bonds and the 2003 Bonds; net of \$82,160 Housing Set Aside contribution to debt service.

Source: Harrell & Company Advisors, LL; See “APPENDIX G – FINANCIAL ADVISOR’S PROJECT TAX REVENUES REPORT.”

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## **RISK FACTORS**

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

To estimate the Tax Revenues available to pay principal and interest on the Bonds, the Agency has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Tax Revenues available to pay principal and interest on the Bonds will, in all likelihood, be less than those projected.

### **Reduction in Taxable Value**

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Agency's control, such as a relocation out of a Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within a Project Area by a person displaced by eminent domain or similar proceedings, the discovery of hazardous substances on a property within a Project Area (see "Hazardous Substances" below), or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Seismic Factors" below), flood (see "Risk of Floods" below) or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Such a reduction of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds. See "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA - Appeals of Assessed Values."

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2 percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation six times: for 1981/82, 1.0%; for 1994/95, 1.0119%; for 1995/96, 1.19%; for 1996/97, 1.11%; for 1998/99, 1.853%; and for 2004/05, 1.867%. The Agency is unable to predict if any adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

### **Levy and Collection**

The Agency does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the

Agency to repay the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments.

### **Unconventional Mortgage Structures**

From 2002 through the first half of 2006, the Southern California housing market experienced significant price appreciation with accelerating demand. One factor contributing to the recent housing boom in Southern California was the use of unconventional mortgage structures, such as a cross between a fixed and adjustable rate mortgage, having a low initial (or "teaser") fixed interest rate for several years that converts to an adjustable interest rate determined by an index plus a fixed margin, and interest-only mortgages, where the borrower pays only interest for a set period of time and then pays down the principal plus interest. Homeowners who financed the purchase of their homes with such mortgages can expect their monthly mortgage payments to increase after the initial period. As the initial low-interest or interest-only periods related to such unconventional mortgages have expired, some homeowners have not been able to maintain payments on their existing loans or to obtain refinancing loans for their homes. Foreclosure proceedings in Southern California have also increased dramatically in 2006 and 2007. Recently there has been a general softening of the Southern California housing market, as evidenced by a decrease in home sale prices, increasing inventory of new homes, slowing demand, and the tightening of credit by lenders. The Agency has not undertaken to assess the financial condition of the current owners of the residential properties within the Project Area and expresses no view concerning these matters. The Agency cannot predict and expresses no view whether or how such factors may affect appeals of assessed values or delinquencies in the collection of property taxes within the Project Area.

### **Additional Obligations on Parity with the Bonds**

As described in "SECURITY FOR THE BONDS – Parity Debt," the Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of principal and interest on the Bonds. The existence of and the potential for such obligations increases the risks associated with the Agency's payment of debt service on the Bonds in the event of a decrease in the Agency's collection of Tax Revenues.

### **Eminent Domain Legislation**

As discussed above under the caption, "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Redevelopment Plan Limitations," the Redevelopment Plan authorizes the Agency to employ the power of eminent domain to acquire real property within the Project Area which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method, and the last date on which the Agency may commence an eminent domain proceeding with respect to any remaining territories in the Project Area still subject to such eminent domain authority is July 26, 2017. The Agency may use its power of eminent domain to implement redevelopment projects to be financed with the proceeds of the Bonds.

On June 23, 2005, in *Kelo v. City of New London*, 126 S. Ct. 24 (2005), the U.S. Supreme Court held that the compensated taking of private property for the purpose of economic development satisfies the "public use" requirement of the Fifth Amendment of the U.S. Constitution. Prior to *Kelo* many governmental agencies had used the power of eminent domain for the purpose of assembling property for economic development, but the U.S. Supreme Court had never considered whether the practice was constitutional under the Fifth Amendment. As a reaction to *Kelo*, a number of bills have been introduced in the U.S. Congress and State Legislature that propose to restrict the use of eminent domain by public agencies to varying degrees. In addition, a number of voter initiatives that also propose to restrict the use of eminent domain have been filed with the State Attorney General to prepare for petition for signatures to qualify for the ballot. The Agency has previously utilized eminent domain proceedings for certain

redevelopment projects for economic development and blight removal and may consider utilizing eminent domain proceedings in future projects. The Agency is not able to predict whether any of the proposed bills or initiatives, or other bills or initiatives restricting the use of eminent domain, will be passed, or if passed, whether such legislation would impact significantly the ability of the Agency to exercise its power of eminent domain or have a material adverse effect on construction of the redevelopment projects to be financed with the proceeds of the Bonds or the Agency's redevelopment activities within the Project Area.

On September 29, 2006, SB 53 and SB 1809, two State redevelopment reform bills relating to the power of eminent domain were enacted. These bills became effective on January 1, 2007. Pursuant to SB 53, a city council that adopted a redevelopment plan prior to January 1, 2007 must adopt an ordinance on or before July 1, 2007 that contains a description of the redevelopment agency's program to acquire real property by eminent domain. SB 53 additionally provides the plan may prohibit the agency from acquiring by eminent domain specified types of real property, including but not limited to owner-occupied residences, single-family residences, or any residential property, and the plan may also prohibit the agency from acquiring by eminent domain real property in specified locations within the project area. In compliance with SB 53, the City Council adopted the Ordinance No. 1500 on May 22, 2007, which approved and adopted an eminent domain acquisition plan for the Project Area.

Prior to the enactment of SB 1809, the Law required a statement to be recorded in the office of the county recorder as soon as practicable following the adoption of a redevelopment plan or an amendment adding territory. The recorded statement indicates that proceedings for the redevelopment of the project area have been instituted. SB 1809 imposes a new recordation requirement with respect to redevelopment plans adopted prior to December 31, 2006 that authorize the acquisition of property by eminent domain. The agency must record a revised statement with the office of the county recorder on or before December 31, 2007 that contains certain additional information relating to the provisions of the plan authorizing and limiting the use of the power of eminent domain. SB 1809 further states an agency may not commence an eminent domain action until the above-described statement is recorded. The Agency prepared the documentation required to comply with SB 1809 and recorded the required statement on April 20, 2007 in the Official Records of the County Recorder (Document No. 2007000257354).

### **Bankruptcy Risks**

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

### **State Budget; ERAF**

As part of the State budget for fiscal year 1992-93, the State Legislature adopted SB 617, which required redevelopment agencies to transfer an aggregated \$205 million to the Educational Revenue

Augmentation Fund (the "ERAF") for the benefit of school districts. Similarly, the State budget for fiscal year 1993-94 required a transfer collectively of \$2.6 billion to school districts from cities, counties and other local governments, including redevelopment agencies. As part of this transfer, the State Legislature adopted SB 1135, which required redevelopment agencies to transfer an aggregated \$65 million to the ERAF for each of fiscal years 1993-94 and 1994-95. While no such ERAF contribution was required for a number of years after the 1994-95 fiscal year, the State budget package for fiscal year 2002-03 included, under AB 1768, a transfer of an aggregated \$75 million from redevelopment agencies statewide to the ERAF. On September 2, 2003, SB 1045 was enacted into law as Chapter 260 of the Statutes of 2003, again imposing an ERAF transfer on redevelopment agencies, for fiscal year 2003-04 only, in the aggregate amount of \$135 million. Based on this state-wide ERAF shift of \$135 million, the Agency made its ERAF payment of \$408,950 in Fiscal Year 2003-04 by the May 10, 2004 deadline.

On July 28, 2004, the State Legislature passed, and on July 31, 2004 the Governor signed into law, the budget bill (SB 1113) together with a number of trailer bills, including SB 1096 (collectively, the "2004-05 Budget"). SB 1096 required a transfer to the ERAF by redevelopment agencies for each of fiscal years 2004-05 and 2005-06, in the aggregate amount of \$250 million per fiscal year. Similar to AB 1768 and SB 1045, SB 1096 calculates each agency's ERAF payment based on the total amount of tax increment it received in the prior fiscal year, in proportion to the total amount of tax increment received by all agencies in such Fiscal year, with 50% of the payment based on gross tax increment received and 50% based on net tax increment received after pass-through payments to other taxing entities. Based on this state-wide ERAF shift of \$250 million per fiscal year, the Agency made its ERAF payment of \$740,442 in Fiscal Year 2004-05 by the May 10, 2005 deadline and its ERAF payment of \$871,872 in Fiscal Year 2005-06 by the May 10, 2006 deadline.

Unlike the legislation providing for ERAF transfers in prior fiscal years, SB 1096 expressly provides the obligation of any redevelopment agency to make the ERAF payments for fiscal years 2004-05 and 2005-06 shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code. There can be no assurance that the State Legislature will not require similar or other deposits in the current fiscal year or in future years to deal with its budget deficits, nor can there be any assurance that any obligation to make any such future deposits will be deemed subordinate to a pledge of taxes.

The potential impact of future legislation could be material to the Agency and its ability to finance existing and future obligations and conduct its redevelopment activities. While the State budget for fiscal year 2007-08 has no new ERAF payment requirements and none have been proposed at this time by the Governor for the fiscal year 2008-09 State budget, the Agency cannot predict whether the State Legislature will enact additional legislation which shifts tax increment revenues away from redevelopment agencies to the State or to schools (whether through an arrangement similar to ERAF or by any other arrangement), whether any future shifts in tax increment revenue would be limited or affected (such as by an offset of amounts required to be shifted) by pre-existing agreements between redevelopment agencies and school districts, community college districts and county superintendents of schools, or what impact such legislation may have on the Tax Revenues available to pay debt service on the Bonds. Accordingly, the Agency is not able to predict the effect, if any, such a shift, if enacted, would have on future Tax Revenues.

Information about the State budget and State spending is available at various State-maintained websites. Test of the budget may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." A nonpartisan analysis of the budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which

contain a summary of the current and past State budgets may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). None of such websites are in any way incorporated into this Official Statement, and the Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

### **Seismic Factors**

The City, like most regions in the State of California, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. Numerous active and inactive fault lines pass through, or near, the area in which the City is located. The Norwalk Fault is the only fault located within the City, though no surface faulting has been associated with this fault. According to the Safety Element of the City's General Plan, the City's proximity to the Norwalk, Whittier, Newport-Inglewood and other regional faults, along with a medium-to-high potential for ground failure due to liquefaction in some areas, present a known risk. Seismic hazards encompass ground rupture, shaking, lurching, blind thrust faults that lack surface breaks, liquefaction, and ground failure. For more information see "Buena Park General Plan - Safety Element" on file with the Buena Park City Clerk. The occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

### **Risk of Floods**

According to information contained in the Safety Element of the City's General Plan, large winter storms can lead to localized flooding in the City, especially in its northern portion. The majority of the City is located within a designated 500-year flood plain, where flood water depths would average less than 1 foot. In addition, there are four localized flood hazard areas which would be inundated by a 100-year flood. The Safety Element also identifies four dams upstream of the City which present inundation hazards: Prado Dam, Fullerton Dam, Brea Dam, and Carbon Canyon Dam. For more information see "Buena Park General Plan - Safety Element" on file with the Buena Park City Clerk. As with seismic hazards, the occurrence of flood damage to property located in the Project Area could lead to successful appeals for reduction of assessed values of such property and any reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

### **Hazardous Substances**

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

### **Secondary Market**

General. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a



particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

*Davis v. Kentucky.* In an opinion reported in 197 S.W.3d 557 (Ky. App. 2006), *Davis vs. Kentucky Department of Revenue*, an appellate court in Kentucky held that the State of Kentucky had violated the United States Constitution by granting an income tax exemption for interest on bonds issued by Kentucky and its political subdivisions, while at the same time imposing a tax on interest on bonds issued by other states or their political subdivisions. The State of Kentucky appealed to the United States Supreme Court, which granted certiorari, and on November 5, 2007, the United States Supreme Court heard oral arguments on the appealed issues in the case. On May 19, 2008, the United States Supreme Court released its opinion and ruled that the State of Kentucky's practice of exempting from state income tax interest on bonds issued by it or its political subdivisions but not bonds issued by other States or their political subdivisions does not offend the Commerce Clause of the U.S. Constitution, thereby overturning the appellate court's decision.

## **LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS**

### **Property Tax Limitations - Article XIII A**

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment". The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2 percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1 percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in August 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIII A. Proposition 58 amends Article XIII A to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

## **Challenges to Article XIII A**

There have been many challenges to Article XIII A of the California Constitution. Recently, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

## **Implementing Legislation**

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A.

The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978/79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property Tax Revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

## **Property Tax Collection Procedures**

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

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

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

*Penalties.* A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a \$15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

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

*Supplemental Assessments.* A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased tax increment revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within a Project Area, Tax Revenues may increase.

*Tax Collection Fees.* SB 2557 (Chapter 466, Statutes of 1990) authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. Such costs are not included in the Tax Revenues which are pledged to repay the Bonds.

### **Unitary Property**

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies and herein defined as "Unitary Property") is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro-rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro-rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property has been changed to January 1. Railroad property will continue to be assessed and revenues allocated to all tax rate areas where the railroad property is sited.

### **Proposition 218**

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing

certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

### **Future Initiatives**

Article XIII A, Article XIII B and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

## **MISCELLANEOUS**

### **Litigation**

There is no litigation pending or, to the Agency's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture or any proceedings of the Agency with respect thereto. In the opinion of counsel to the Agency, there are no lawsuits or claims pending against the Agency which will materially affect the Agency's finances so as to impair its ability to pay principal of and interest on the Bonds when due.

### **Ratings**

Moody's Investors Service ("Moody's") and Standard & Poor's Credit Market Services, a Division of the McGraw-Hill Companies ("S&P") have assigned their municipal bond rating of "Aaa" and "AAA" respectively, to the Bonds with the understanding that upon delivery of such Bonds a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by the Bond Insurer. Moody's and S&P have assigned their underlying municipal bond rating of "A3" and "A" respectively, to the Bonds.

These ratings reflect only the views of such rating agencies and are not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of such ratings should be obtained from such rating agencies at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007, (212) 553-0377; and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, (212) 438-2774. No assurance can be given that such ratings will be retained for any given period of time or that the same will not be revised or withdrawn entirely by the respective rating agency if, in its judgment, circumstances so warrant. Except as otherwise required in the Continuing Disclosure Certificate, the Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the marketability or market price of the Bonds.

### **Certain Legal Matters**

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render an opinion with respect to the Bonds substantially in the form set forth in APPENDIX D to this Official Statement. Copies of this opinion will be available at the time of delivery of the Bonds. Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, is acting as Disclosure Counsel to the Agency. Payment of the fees of Bond Counsel and Disclosure Counsel is

contingent upon the issuance of the Bonds. Certain legal matters will be passed upon for the Agency by Agency Counsel.

### **Tax Matters**

Interest on the Bonds is not excluded from gross income for federal income tax purposes. However, interest on the Bonds is exempt from California personal income taxes.

General. Owners of the Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the IRS, Bond Counsel informs Owners of the Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Official Statement.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

### **Other Tax Matters Related to the Bonds**

Backup Withholding. A Bondowner may, under certain circumstances, be subject to “backup withholding” (currently the rate of this withholding tax is 28% (although the rate is scheduled to be reduced over the next few years)) with respect to interest or original issue discount on the Bonds. This withholding generally applies if the Owner of a Bond (a) fails to furnish the Trustee or other payor with its taxpayer identification number; (b) furnishes the Trustee or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other “reportable payments” as defined in the Code; or (d) under certain circumstances, fails to provide the Trustee or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to Bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The amount of “reportable payments” for each calendar year and the amount of tax withheld, if any, with respect to payments on the Bonds will be reported to the Bondowners and to the Internal Revenue Service.

Under the Code, interest and original issue discount income with respect to Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons (“Nonresidents”) generally will not be subject to the United States withholding tax (or backup withholding) if the Agency (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial Owner of the Bond is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident Bondowner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

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

### **Underwriting**

The Bonds are being purchased for reoffering by Banc of America Securities LLC (the “Underwriter”). The Underwriter has agreed to purchase the Bonds for \$26,808,820.40 (representing the aggregate principal amount of the Bonds less an underwriter’s discount of \$111,179.60). The purchase contract pursuant to which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such purchase contract.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

### **The Trustee**

The Agency has appointed Union Bank of California, N.A., a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Agency of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Agency. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the projects financed by the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

### **Financial Advisor**

Harrell & Company Advisors, LLC, Orange, California, an independent financial consulting firm, has served as Financial Advisor to the Agency with respect to the sale of the Bonds. The Financial Advisor has advised the Agency as to the financial structure and certain other financial matters relating to the Bonds and has assisted the Agency in the review of this Official Statement. The information set forth herein has been obtained by the Agency from sources which are believed to be reliable, but such information is not guaranteed by the Financial Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Financial Advisor are contingent upon the sale and delivery of the Bonds.



**Miscellaneous**

All summaries of the Indenture, applicable legislation, agreements and other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the Agency.

**COMMUNITY REDEVELOPMENT AGENCY OF  
THE CITY OF BUENA PARK**

By:  \_\_\_\_\_  
Executive Director



## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust, dated as of February 1, 2000, as amended and supplemented, including as amended and supplemented by a Third Supplement to Indenture of Trust, dated as of February 1, 2008, both by and between the Agency and Union Bank of California, N.A., as trustee (as amended and supplemented, the "Indenture"). Such summary is not intended to be definitive, and reference is made to the complete document for the complete terms thereof.

#### Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary.

"Bond Insurance Policy" means the municipal bond insurance policy issued by the Insurer guarantying the payment when due of principal and interest on the Bonds, as provided therein.

"Bonds" means the Community Redevelopment Agency of the City of Buena Park, Consolidated Redevelopment Project, 2008 Taxable Tax Allocation Bonds, Series B, authorized by and at any time Outstanding pursuant to the Indenture, and includes, if the context requires, any Parity Debt.

"Bond Year" means any twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2008.

"Business Day" means a day of the year, other than Saturday or Sunday, on which banks in Los Angeles, California, are not required or permitted to be closed and on which The New York Stock Exchange is not closed.

"Closing Date" means the date on which the Bonds are delivered by the Agency to the original purchaser thereof.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to operating expenses, rating agency fees, municipal bond insurance premiums, filing and recording fees, initial fees and charges payable under the Refunding Escrow Agreements, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professional fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the issuance of the Bonds.

“Costs of Issuance Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“County” means the County of Orange, a county duly organized and existing under the laws of the State.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds, the 2000 Bonds, the 2003 Bonds, the 2008 Series A Bonds and on any additional Parity Debt during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Defeasance Obligations” means (a) cash, or (b) non-callable Federal Securities.

“Federal Securities” means (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Agency;

(b) does not have any substantial interest, direct or indirect, with the Agency; and

(c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

(a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under domination of the Agency;

(c) does not have any substantial interest, direct or indirect, with the Agency; and

(d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attn: Called Bond Dept.; and Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Agency may designate in a Written Request of the Agency filed with the Trustee..

"Insurer" means Financial Security Assurance, Inc., a New York stock insurance company, or any successor thereto or assigns thereof.

"Interest Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Interest Payment Date" means March 1 and September 1, commencing with respect to the Bonds, September 1, 2008, and in each year thereafter so long as any of the Bonds remain Outstanding.

"Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that Outstanding Serial Bonds are retired as scheduled and that any Outstanding Term Bonds are redeemed from mandatory sinking fund payments as scheduled, (b) the principal amount of Outstanding Bonds and any Parity Debt payable by their terms in such Bond Year, and (c) the principal amount of any Outstanding Term Bonds scheduled to be redeemed from mandatory sinking fund payments in such Bond Year. If any proceeds of outstanding Parity Debt shall be on deposit in an escrow fund from which amounts may not be released to the Agency unless the amount of Tax Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the County), at least equals 125% of the amount of Maximum Annual Debt Service (150% so long as the Bonds are Outstanding) which would result if the amount on deposit in such escrow fund were to be released to the Agency from such escrow fund in accordance with the terms of the related supplemental indenture, then for purposes of calculating Maximum Annual Debt Service, the annual Debt Service on such Parity Debt shall be determined as if the amounts then on deposit in the escrow fund were withdrawn therefrom and applied to pay or redeem such Parity Debt in accordance with the terms of the related supplemental indenture.

"Moody's" means Moody's Investors Service, Inc., its successor and assigns.

**"Outstanding"**, when used as of any particular time with reference to Bonds, means (subject to the defeasance provisions of the Indenture) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of defeasance provisions of the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

**"Owner"** means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

**"Parity Debt"** means the 2000 Bonds, the 2003 Bonds, the 2008 Series A Bonds and any additional loans, advances, or indebtedness issued or incurred by the Agency on a parity with the Bonds, the 2000 Bonds, the 2003 Bonds and the 2008 Series A Bonds pursuant to the Indenture.

**"Participating Underwriter"** has the meaning ascribed thereto in the Continuing Disclosure Certificate.

**"Permitted Investments"** means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) Federal Housing Administration debentures.

(c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- (i) Federal Home Loan Mortgage Corporation (FHLMC)  
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)  
Senior Debt obligations
- (ii) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)  
Consolidated system-wide bonds and notes
- (iii) Federal Home Loan Banks (FHL Banks)  
Consolidated debt obligations
- (iv) Federal National Mortgage Association (FNMA)  
Senior debt obligations  
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- (v) Financing Corporation (FICO)  
Debt obligations

(vi) Resolution Funding Corporation (REFCORP)  
Debt obligations

(d) Money market funds rated in the highest rating categories by S&P and Moody's, including such funds for which the Trustee or an affiliate provides investment advice or other services.

(e) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.

(f) Commercial paper (having original maturities of not more than 30 days) rated 'A-1+' by S&P and 'Prime-1' by Moody's.

(g) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated 'A-1' or better by S&P.

(h) "State Obligations", which means:

(i) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated 'A3' by Moody's and 'A' by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated 'A-1+' by S&P and 'MIG-1' by Moody's.

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated 'AA' or better by S&P and 'Aa' or better by Moody's.

(i) Pre-refunded municipal obligations rated "AAA" by S & P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full

all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(j) Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "AA" by S&P and Aa by Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "AA" by S&P and Aa by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "AA" or better by S&P and Aa or better by Moody's and acceptable to the Trustee, provided that:

(i) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

(ii) The Trustee or a third party acting solely as agent therefor or for the Issuer (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(iii) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(iv) All other requirements of S&P in respect of repurchase agreements shall be met.

(v) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repurchase all

collateral and terminate the agreement, with no penalty or premium to the Issuer or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and "Aa" by Moody's, respectively.

(k) with the written approval of the Trustee, investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in a case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA (stable)" by S&P and "Aa2 (stable)" by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Authority and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the Authority or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Authority and the Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Insurer;

(v) the investment agreement shall provide that if during its term

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering .or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Authority, the Trustee or a third party acting solely as agent therefor (the Holder of the Collateral) collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

or (B) repay the principal of and accrued but unpaid interest on the investment, and

(vi) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee, and

(vii) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(viii) the investment agreement must provide that if during its term:

(A) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee, be accelerated and amounts Authority or Trustee, as appropriate, and

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. (event of insolvency), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate; and

(l) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Plan Limitation" means, among other things, the limitation contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.4 of the Law.

"Qualified Reserve Account Credit Instrument" means any irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in one of the two highest rating categories by S&P and Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, Principal



Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) written notice of the posting of such Qualified Reserve Account Credit Instrument is given to S&P and Moody's.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day .

"Redemption Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Redevelopment Fund" means the fund by that name established and held by the Agency pursuant to the Indenture.

"Redevelopment Plan" means the Merged and Amended Redevelopment Plan for the Buena Park Consolidated Redevelopment Project approved by Ordinance No. 1422, adopted by the City Council of the City on May 7, 2002, merging the following four (4) constituent project areas: (i) the Central Business District Project Area approved by Ordinance No. 1069, adopted by the City Council of the City on November 19, 1979. (ii) Project Area No. II approved by Ordinance No. 1163, adopted by the City Council of the City on October 1, 1984, (iii) Project Area No. III approved by Ordinance No. 1246, adopted by the City Council of the City on June 18, 1990, and (iv) Buena Park Redevelopment Project Area No. IV approved by Ordinance No. 1421, adopted by the City Council of the City on May 7, 2002, together with any amendments of any of the foregoing Ordinances heretofore or hereafter duly enacted pursuant to the Law.

"Registration Books" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Reserve Requirement" means the lesser of (i) ten percent (10%) of the original principal amount of, less underwriter's discount and original issue discount (if any) on, the Bonds and any Parity Debt or, (ii) Maximum Annual Debt Service. If at the time of calculation of the Reserve Requirement there shall be two (2) or more reserve accounts established with respect to the Bonds and any Parity Debt, then the amounts on deposit in such reserve accounts shall be aggregated for purposes of calculating compliance with the Reserve Requirement.

"S&P" means Standard and Poor's Ratings Services, its successors and assigns.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, N.Y. 10041-0099 Attn: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

"Serial Bonds" means all Bonds other than the Term Bonds.

"Sinking Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

“Special Fund” means the fund by that name established and held by the Agency pursuant to the Indenture.

“State” means the State of California.

“Subordinate Debt” means any loans, advances or indebtedness issued or incurred by the Agency pursuant to the Indenture, which are either: (a) payable from, but not secured by a pledge or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues for the security of the Bonds, the 2000 Bonds and any additional Parity Debt.

“2000 Bonds” means the Agency’s \$8,265,000 aggregate principal amount of Redevelopment Project Area II 2000 Tax Allocation Refunding Bonds.

“2003 Bonds” means the Agency’s \$24,055,000 aggregate principal amount of Consolidated Redevelopment Project 2003 Tax Allocation Refunding Bonds.

“2008 Series A Bonds” means the Agency’s Consolidated Redevelopment Project 2008 Tax Allocation Bonds, Series A, issued in the principal amount of \$48,800,000.

“Tax Revenues” means, except as provided below, moneys allocated within the Plan Limit and paid to the Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Sections 16110, et seq., of the Government Code of the State of California) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and including that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Law, (ii) amounts payable by the Agency pursuant to the Tax-Sharing Agreements and (iii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of Parity Debt, as applicable.

“Term Bonds” means any Bonds subject to mandatory sinking fund redemption pursuant to the Indenture.

## **Pledge and Deposit of Tax Revenues**

Except for certain fees, costs and expenses of the Trustee in the event of default, the Bonds shall be equally secured by a first pledge of, security interest in and lien on all of the Tax Revenues and a first and exclusive pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

There is established by the Indenture a special fund to be known as the "Special Fund," which shall be held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year and for deposit in such Bond Year in funds and accounts established with respect to any Parity Debt, as provided in any supplemental indenture.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year shall be released from the pledge and lien for the security for the Bonds and may be applied by the Agency for any lawful purposes of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any supplemental indentures.

## **Establishment of Funds and Accounts; Flow of Funds**

2008 Series B Costs of Issuance Fund. There is established by the Indenture a separate fund designated as the 2008 Series B Costs of Issuance Fund. The moneys in the 2008 Series B Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a written request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the earlier of ninety (90) days from the Closing Date, or the date of receipt by the Trustee of a Written Request of the Agency therefor, all amounts (if any) remaining in the 2008 Series B Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be deposited in the Redevelopment Fund.

Redevelopment Fund. There is established by the Indenture a separate fund designated as the Redevelopment Fund which the Agency has covenanted and agreed to cause to be maintained and which shall be held in trust by the Agency. The moneys in the Redevelopment Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing the Redevelopment Project. The Agency has warranted that no funds on

deposit in the Redevelopment Fund shall be applied for any purpose not authorized by the Law.

Debt Service Fund, Special Fund. There is established by the Indenture a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee in trust. Moneys in the Special Fund established by the Indenture and held by the Agency shall be transferred by the Agency to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, which are established with the Trustee, in the following order of priority:

(a) Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fifth (5th) Business Day preceding September 1 in each year in which principal of the Bonds is due and payable, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and any maturing Term Bonds on the next Interest Payment Date. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Interest Payment Date on all of the Outstanding Serial Bonds and any maturing Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and maturing Term Bonds as it shall become due and payable.

(c) Sinking Account. On or before the fifth (5th) Business Day preceding each September 1 on which any Outstanding Term Bonds are subject to mandatory redemption pursuant to the Indenture, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1 pursuant to the Indenture. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption pursuant to the Indenture.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency and the Insurer of such fact. Promptly upon receipt of any such notice, the Agency shall withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency shall be obligated to

continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Day preceding March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Agency shall have caused to be deposited in the Special Fund an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Agency to the Redevelopment Fund.

With the prior written consent of the Insurer as to the form and provider thereof, the Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Agency to be deposited in the Redevelopment Fund and used for the purposes thereof. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency shall be pro-rata with respect to each such instrument.

The Reserve Requirement is represented in part by credit with respect to the 2000 Bonds of a Qualified Reserve Account Credit Instrument. Pursuant to the terms and conditions of the Qualified Reserve Account Credit Instrument, the Trustee shall deliver to the issuer thereof a demand for payment under the Qualified Reserve Account Credit Instrument in the required form at least three (3) days prior to the date on which funds are required for the purposes of the Reserve Account described above. Amounts owing to the such issuer under the terms of the Qualified Reserve Account Credit Instrument shall be secured by a pledge of,

security interest in and lien on the Tax Revenues, subject in all respects to the prior pledge, security interest and lien in favor of the Bonds and any Parity Debt.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds, the 2000 Bonds, the 2003 Bonds, the 2008 Series A Bonds and any additional Parity Debt to the extent directed by the Agency in writing to the Trustee.

(e) Surplus. The Agency shall not be required to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee from the Special Fund with respect to such Bond Year pursuant to the Indenture. In the event that, for any reason whatsoever, any amount shall remain on deposit in the Special Fund on the last day of any Bond Year (being the applicable September 1) after making all of the transfers from the Special Fund with respect to such Bond Year theretofore required to be made pursuant to the Indenture the Agency may withdraw such amount from the Special Fund to be used for any lawful purpose of the Agency.

(f) Redemption Account. On or before the Business Day preceding any Interest Payment Date on which Bonds are to be redeemed pursuant to the Indenture (other than by reason of mandatory sinking fund redemption), the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such Interest Payment Date pursuant to the Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture on the date set for such redemption.

#### **Claims Upon the Bond Insurance Policy**

The following provisions apply to claims upon the Bond Insurance Policy with respect to the Bonds and apply to payments by and to the Insurer:

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date or the date to which a Bond maturity has been accelerated ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) ("the Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

(b) In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bond Owners who surrender their Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered. The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bond Owners, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the City on any Bond for the subrogation rights of the Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account and the allocation of such funds to payment of interest on and principal paid in respect of any Bond. the Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Bond Insurance Policy the Trustee shall establish a separate special purpose trust account for the benefit of Bond Owners referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Bond Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bond Owners in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(e) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

(f) Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(g) To the extent that it makes payment of principal of or interest on the Bonds, the Insurer shall become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy.

#### **Certain Rights of Insurer**

(a) The following provisions shall govern, notwithstanding anything to the contrary set forth in the Indenture. The rights granted to the Insurer under the Indenture to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Bond Insurance Policy. In this regard, the Insurer is a third party beneficiary of the Indenture. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bond Owners. With respect to modification or amendment of the Indenture, the

Bond Owner's consent shall not be required in addition to consent of the Insurer where the Insurer was granted such right of consent.

(b) The Insurer shall be deemed to be the sole owner of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to of the Indenture. The Trustee shall take no action except with the consent, or at the direction, of the Insurer. No contract shall be entered into or action taken by which the rights of the Insurer or the security or sources of payment for the Bonds may be impaired or prejudiced, except upon obtaining the prior written consent of the Insurer.

(c) The rights of the Insurer to direct or consent to Agency, Trustee or Bondholder actions under the Indenture shall be suspended during any period in which the Insurer is in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bonds Insurer and due and owing to the Insurer) and shall be of no force or effect in the event the Bond Insurance Policy is no longer in effect or the Insurer asserts that the Bond Insurance Policy is not in effect or the Insurer shall have provided written notice that it waives such rights.

#### **Issuance of Parity Debt**

In addition to the Bonds, the Agency may, by supplemental indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance the Project in such principal amount as shall be determined by the Agency. The Agency may issue or incur any such other Parity Debt subject to the following specific conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all supplemental indentures;

(b) The Tax Revenues estimated to be received for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County, shall be at least equal to 125% of the Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt, except that, so long as the Bonds are Outstanding, such Tax Revenues shall be at least equal to 150% of the Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt;

(c) The supplemental indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall be payable on September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable;

(d) Money shall be deposited in the Reserve Account from the proceeds of the sale of said Parity Debt (or from other available funds of the Agency) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt, and the Supplemental Indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts, including a separate Reserve Account ;he supplemental indenture providing for the issuance of such Parity Debt may provide for the establishment of separate funds and accounts;



(e) The aggregate amount of the principal of and interest on all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Parity Debt, shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Parity Debt; and

(f) The Agency shall deliver to the Trustee and the Insurer a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in the Indenture have been satisfied and that an amount equal to the Reserve Requirement is on deposit in cash in the Reserve Account as of the delivery of such Parity Debt.;

#### **Issuance of Subordinate Debt**

In addition to the Bonds, the Agency may incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and all supplemental indentures;

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limit, then all Outstanding Bonds and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Subordinate Debt; and

(c) Except with respect to any Subordinate Debt issued and delivered on the Closing Date, the Agency shall deliver to the Trustee a written certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in the Indenture have been satisfied.

#### **Investment of Funds**

Moneys in the funds and accounts established by the Indenture and held by the Trustee shall be invested by the Trustee in Permitted Investments specified in a written request of the Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments, except that moneys in the Reserve Account, if any, shall not be invested in Permitted Investments with maturities of more than five (5) years, unless invested in an Permitted Investment that permits withdrawal at any time for purposes of the Reserve Account. In the absence of any such specification by the Agency, the Trustee may (but shall not be required to) invest any such moneys in the Permitted Investments described in clause (d) of the definition thereof and selected by the Trustee, which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. Moneys in the Special Fund and the Redevelopment Fund may be invested by the Agency in any obligations in which the Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account; provided, however, that (i) all interest or gain from the investment of amounts in the Interest Account shall be retained in the Interest Account and (ii) all interest or gain from the

investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent that the amounts remaining on deposit in the Reserve Account equal the Reserve Requirement. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture.

### **Certain Covenants of the Agency**

Punctual Payment. The Agency shall promptly pay or cause to be paid when due from moneys in the Special Fund the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of the Indenture. The Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all supplemental indentures. Nothing in the Indenture shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

Limitation on Additional Indebtedness. So long as the Bonds are Outstanding, only the Bonds, any Parity Debt and any Subordinate Debt may be payable from Tax Revenues. The Agency shall not otherwise issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues.

Accounting Records; Financial Statements; Annual Calculation of Available Tax Revenues. The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City of Buena Park, in which complete and current entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) percent in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared and filed with the Trustee annually, within 180 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements of Tax Revenues, and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year, which statements shall be accompanied by a written certificate of the Agency and a written certificate or opinion of an Independent Accountant stating that the Agency is in compliance with its obligations under the Indenture. The Agency shall furnish a copy of the above-referenced written certificates and statements to any Owner upon reasonable request at the expense of such Owner.

Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date, the Bonds shall be incontestable by the Agency.

Taxation of Leased Property. All amounts derived by the Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of the Indenture.

Disposition of Property. The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than 10 percent of the land area or more than 10 percent of the most recent assessed valuation of the property in the Project Area unless such disposition is permitted as hereinafter provided. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition.

Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of any amounts payable by the State, appropriate officials of the State.

Compliance with the Law; Low and Moderate Income Housing Fund. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law. Without limiting the generality of the foregoing, the Agency covenants that it shall deposit or cause to be deposited in the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Law, all amounts when, as and if required to be deposited therein pursuant to the Law. The Agency agrees to expend amounts deposited in the Low and Moderate Income Housing Fund including, without limitation, proceeds of any Parity Debt deposited therein, solely in accordance with Section 33334.2 of the Law.

Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under the Indenture.

Compliance With Plan Limitations. So long as the Bonds are Outstanding, the Agency agrees in the Indenture to use all reasonable efforts to ensure that the proportionate share of the aggregate amount of annual debt service to be paid on the 2000 Bonds, all Parity Debt, including the Bonds, the 2003 Bonds and the 2008 Series A Bonds, and Subordinate Debt payable from Tax Revenues (annually prorated to component project areas of the Project Area that contain a limit on tax increment revenue to be allocated to such component project areas based on the relative amount of Tax Revenues generated by such component project area in the year of the calculation) through and including the final maturity of the Bonds shall at no time exceed 100% of the amount of Tax Revenues which the Agency is permitted to receive under the Plan Limitations with respect to a component project area of the Project Area that

contains a limit on tax increment revenue to be allocated to such component project area. In the event that the amount of such pro-rated annual debt service at any time equals or exceeds 95% of Tax Revenues which the Agency is permitted to receive under the Plan Limitations with respect to a component project area that contains a limit on tax increment revenue to be allocated to such component project area, all Tax Revenues thereafter received by the Agency in the current Bond Year from such component project area not required to pay the 2000 Bonds, Parity Debt, including the Bonds, the 2003 Bonds and the 2008 Series A Bonds, and Subordinate Debt in the current Bond Year shall immediately be deposited with the Trustee and deposited by the Trustee into a special escrow fund (which shall be held by the Trustee to be applied for the sole purpose of paying the principal of and interest on the 2000 Bonds and any Parity Debt, including the Bonds, the 2003 Bonds and the 2008 Series A Bonds, on a pro rata basis (including upon early redemption), notwithstanding anything herein to the contrary. Not later than October 1 of each Fiscal Year, the Agency shall cause to be prepared and filed with the Insurer an accounting which shows the pro-rated aggregate amount of annual debt service remaining to be paid on all outstanding 2000 Bonds, Parity Debt, including the Bonds, the 2003 Bonds and the 2008 Series A Bonds, and Subordinate Debt (allocated to each project area or sub-area) payable from Tax Revenues, and the amount of Tax Revenues which the Agency is permitted to receive under the Plan Limitations with respect to each component project area, in the form of a certificate substantially as set forth the Indenture.

#### **Amendment of Indenture**

The Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a supplemental indenture which shall become binding upon adoption, with the consent of the Insurer (except with respect to subsection (c) for which Insurer consent is not required), but without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Indenture reserved to or conferred upon the Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt pursuant to the Indenture, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of the Indenture; or

(d) to comply with the requirements of the provider of any Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a supplemental indenture which shall become binding when the written consent of the Insurer and of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of

or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bonds without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

### **Events of Default**

Events of Default Defined. The following events shall constitute events of default under the Indenture:

(a) default in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Failure by the Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Agency and the Insurer by the Trustee or to the Agency and the Trustee by the Insurer; *provided, however*, if such default cannot be cured within such thirty (30) day period, then such default shall be cured either within an additional thirty (30) days or such longer period as may be consented to in writing by the Insurer; or

(c) certain events relating to the bankruptcy or insolvency of the Agency.

Remedies. If an event of default has occurred and is continuing, the Trustee may with the prior written consent of the Insurer, and if requested in writing by the Insurer or, with the prior written consent of the Insurer, by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity. With respect to any event of default described in clauses (a) and (c) above the Trustee shall, and with respect to any event of default described in clause (b) above the Trustee in its sole discretion may, upon receiving actual knowledge of such event of default, give notice thereof to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the Indenture (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date). This remedy, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and

payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee thereunder, shall be applied by the Trustee in the order following, upon presentation of the several Bonds and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such event of default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an event of default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an event of default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, settlement or other disposal of such litigation.

Limitation on Bondowner's Right To Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with

such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Non-Waiver. A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Redevelopment Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners. If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

The Agency may remove the Trustee at any time, unless an event of default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Agency has knowledge that the Trustee shall cease to be eligible to serve as Trustee under the requirements of the Indenture, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Agency to the Trustee, whereupon the Agency shall appoint a successor Trustee by an instrument in writing.

Insurer Sole Owner of the Bonds. So long as the Insurer shall be in compliance with its payment obligations under the Bond Insurance Policy, the Insurer shall be deemed to be the sole owner of the Bonds for purposes of all provisions relating to an Event of Default with respect to the Bonds, except with respect to the giving of notice of such an Event of Default. The Insurer shall be included as a party in interest and as a party entitled to (1) notify the Trustee of the occurrence of an Event of Default and (2) request the Trustee to intervene in judicial proceedings that affect the Bonds or the security therefor. In addition, the provisions in the Indenture requiring the consent, approval or direction of the Insurer shall be applicable only at such time as the Insurer shall be in compliance with its payment obligations under the Bond Insurance Policy.

(b) Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted under the Indenture to the Bond Owners, or to the Trustee for the benefit of the Bond Owners, including, but not limited to rights and remedies which may be exercised pursuant to the Indenture following an Event of Default and, including, but not limited to the right to approve all waivers of any Events of Default. Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, unspent proceeds of the Bonds then on deposit in the Redevelopment Fund shall not be disbursed for redevelopment activities of the Agency, but shall instead be applied by the Agency to the payment of debt service or redemption price of the Bonds. The rights granted to the Insurer under the Indenture shall be deemed terminated and shall not be exercisable by the Insurer during any period during which the Insurer shall be in default under the Bond Insurance Policy.

### **Discharge of Indenture**

If the Agency shall pay and discharge the indebtedness evidenced by the Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay such Bonds, including principal, interest and redemption premiums, (if any), or;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness evidenced by the Bonds (including principal, interest and redemption premiums, if any) at or before maturity.

If such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (a) the obligations of the Agency with respect to rebate of moneys to the United States of America pursuant to the Indenture, (b) the obligation of the Trustee to transfer and exchange such Bonds under the Indenture, and (c) the obligation of the Agency to pay or cause to be paid to the Owners, from amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Agency has determined to pay and discharge in part. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge all of the Bonds then Outstanding, any funds thereafter held by the Trustee which are not required for said purposes, shall be paid over to the Agency.



**APPENDIX B**  
**SUPPLEMENTAL INFORMATION – THE CITY OF BUENA PARK AND**  
**THE COUNTY OF ORANGE**

*The following information concerning the City and surrounding areas are included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, the State, or any of its political subdivisions and neither said City, said State, nor any of its political subdivisions is liable therefor. See the section in the forepart of this Official Statement entitled "SECURITY FOR THE BONDS."*

**General**

The City of Buena Park encompasses approximately ten square miles and is located at the northwest border of Orange County, just south of the Los Angeles County line. It is 25 miles southeast of downtown Los Angeles. Neighboring communities include Anaheim, Cerritos, Cypress, Fullerton, La Mirada, and La Palma.

**Population**

The City's estimated population on January 1, 2007 was 82,452. The following table shows the estimated past population data for the City.

**CITY OF BUENA PARK**

<b>Date</b>	<b>Population</b>	<b>Date</b>	<b>Population</b>
Jan. 1, 1998	74,669	Jan. 1, 2003	80,408
Jan. 1, 1999	75,986	Jan. 1, 2004	80,795
Jan. 1, 2000	77,447	Jan. 1, 2005	80,932
Jan. 1, 2001	78,790	Jan. 1, 2006	81,488
Jan. 1, 2002	79,538	Jan. 1, 2007	82,452

*Source: Demographic Research Unit, California State Department of Finance.*

**Climate**

The City enjoys Mediterranean-type sun-belt weather with warm summers and mild winters. Year-round temperatures average from a January minimum of 45 degrees to an August maximum of 86 degrees. The average yearly rainfall of approximately 11 inches occurs predominantly during the winter months. Humidity is fairly constant throughout the year at 70 percent. Prevailing winds are from the southeast averaging 8-10 miles per hour.

**Organization**

Buena Park, a general law city, was incorporated in 1953. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City Council is composed of five members elected bi-annually at large to four-year alternating terms. The Mayor is selected by the City Council from amongst its members. Buena Park employs a staff of approximately 305 full-time employees and 150 part-time employees under the direction of the City Manager.

## Employment and Industry

The City is located in Orange County. The available labor force employment and unemployment figures over the last five years for Orange County is as follows.

<b>Industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007<sup>(3)</sup></b>
Total Farm	7,200	6,700	5,600	5,400	4,225
Natural Resources and Mining	500	600	700	600	600
Construction	83,700	92,200	99,900	107,000	105,883
Manufacturing	183,900	183,500	182,900	183,400	183,533
Trade, Transportation and Utilities	265,000	264,900	269,800	270,700	270,058
Information	35,200	33,800	32,800	31,700	31,275
Financial Activities	122,200	132,300	138,400	139,000	134,850
Professional and Business Services	252,600	254,900	264,300	274,800	276,217
Educational and Health Services	126,300	131,000	133,500	138,900	143,867
Leisure and Hospitality	158,600	162,900	165,000	169,500	171,500
Other Services	46,700	47,400	48,400	47,900	48,242
Government	154,200	153,400	155,300	156,500	159,283
<b>Total All Industries <sup>(1)</sup></b>	<b><u>1,436,200</u></b>	<b><u>1,463,400</u></b>	<b><u>1,496,500</u></b>	<b><u>1,525,500</u></b>	<b><u>1,529,533</u></b>
<b>Total Civilian Labor Force <sup>(2)</sup></b>	<b>1,558,700</b>	<b>1,583,800</b>	<b>1,605,100</b>	<b>1,623,600</b>	<b>1,634,958</b>
<b>Total Unemployment</b>	<b>74,500</b>	<b>67,400</b>	<b>60,300</b>	<b>55,300</b>	<b>63,358</b>
<b>Unemployment Rate</b>	<b>4.8%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>3.4%</b>	<b>3.9%</b>

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

(2) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

(3) Preliminary figures as of January 2008.

Source: California Employment Development Department, Labor Market Information Division.

## Assessed Valuation

A ten year history of the City's assessed valuation is as follows:

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
1998-99	\$3,513,910,280	\$2,828,316	\$277,722,412	\$3,794,461,008
1999-00	3,744,229,757	2,760,892	319,296,998	4,066,287,647
2000-01	4,060,905,399	2,759,346	352,316,082	4,415,980,827
2001-02	4,325,719,576	2,929,226	379,354,238	4,708,003,040
2002-03	4,580,986,561	2,781,922	408,621,600	4,992,390,083
2003-04	4,846,907,242	2,397,940	392,302,286	5,241,607,468
2004-05	5,234,822,021	2,075,452	414,823,715	5,651,721,188
2005-06	5,767,058,671	1,690,510	343,278,382	6,112,027,563
2006-07	6,358,699,593	1,580,949	390,624,367	6,750,904,909
2007-08	6,947,908,057	522,722	403,222,606	7,351,653,385

Source: California Municipal Statistics, Inc.

## Secured Property Tax Levies and Collections

The collection rates of secured property tax levies within the City for the past four years are presented in the following table.

<u>Fiscal Year</u>	<u>Total Tax Levy<sup>(1)</sup></u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2002-03	\$5,079,856	\$5,002,823	98.48%	\$50,936	\$5,053,759	99.49%
2003-04	5,083,738	5,006,643	98.48	53,529	5,060,172	99.54%
2004-05	5,421,516	5,343,610	98.56	58,325	5,401,935	99.64%
2005-06	5,803,838	5,689,465	98.03	(2)	5,689,465	98.03%

(1) Property tax totals are net of 1915 Bond Act.

(2) Information not available.

Source: City of Buena Park Comprehensive Financial Annual Report, Fiscal Year 2005-06.

## Taxable Transactions

The valuation of number of sales permits and taxable transactions subject to sales tax within the City is presented in the following table.

### Valuation of Taxable Transactions<sup>(1)</sup>

Year	# of Permits (Retail)	Retail Stores	# of Permits (Total)	Total All Outlets
2002	793	\$ 867,950	1,942	\$1,231,088
2003	816	978,874	1,988	1,321,763
2004	868	1,059,324	2,019	1,390,281
2005	888	1,123,544	2,005	1,504,214
2006	903	1,497,707	2,015	1,898,407

(1) In thousands of dollars ('000s).

Source: California State Board of Equalization.

A summary of historic taxable sales within the City, by type of business, during the past four years for which data is available is shown in the following table.

### CITY OF BUENA PARK Taxable Transactions<sup>(1)</sup>

Business	2002	2003	2004	2005	2006
Apparel Stores	\$ 14,955	\$ 32,936	\$ 33,675	\$ 35,902	\$ 39,187
General Merchandise	86,236	114,322	131,964	146,792	172,955
Food Stores	37,576	37,048	31,328	35,269	35,953
Eating & Drinking Places	93,849	108,153	114,013	121,310	134,457
Home Furnishings & Appliances	23,120	24,252	26,516	29,146	29,474
Building Material and Farm Implements	34,056	32,081	32,076	34,725	38,622
Auto Dealers and Auto Supplies	448,422	505,064	535,452	548,804	561,940
Service Stations	46,249	50,555	59,586	70,546	68,564
Other Retail Stores	83,487	74,463	94,714	101,050	416,555
Retail Stores Total	867,950	978,874	1,059,324	1,123,544	1,497,707
All Other Outlets	363,138	342,889	330,957	380,670	400,700
<b>TOTAL ALL OUTLETS</b>	<b>\$1,231,088</b>	<b>\$1,321,763</b>	<b>\$1,390,281</b>	<b>\$1,504,214</b>	<b>\$1,898,407</b>

(1) In thousands of dollars ('000s).

(2) Sales omitted because their publication would result in the disclosure of confidential information. These figures are included with "Total All Outlets."

Source: California Board of Equalization.

## Public Utilities

The City provides its own water service to the general public. Industrial waste and sewer services are furnished by the Orange County Sanitation District. Electricity is provided by Southern California Edison, natural gas is provided by the Southern California Gas Company, and the telephone service is supplied by Pacific Bell.

## **Transportation**

- Highways:** The Santa Ana Freeway (Interstate 5), a major northwest-southeast corridor and the Artesia Freeway (State Highway 91) and east-west highway both intersect the City. State Highway 39 (Beach Boulevard) is the major north-south thoroughfare through the City. Buena Park is also within minutes of the San Gabriel River Freeway (Interstate 605), a north-south freeway to the west, and the San Diego Freeway (Interstate 405) a northwest-southwest freeway south of the City.
- Rail:** Rail freight service is available from Southern Pacific, national Amtrak, Metrolink and Atchison, Topeka & Santa Fe Railroads. Water transportation is available at Long Beach and Los Angeles harbors, one hour west. In addition, truck freight service is available from both local and national trucking companies.
- Bus:** Bus service is provided by Orange County Rapid Transit District and Southern California Rapid Transit District. Overland bus service is available with Greyhound Busline.
- Air:** Air cargo and passenger flight services are provided at Los Angeles International Airport, 25 miles west, which is served by all major airlines; Long Beach Airport, 12 miles southwest; John Wayne Airport in Orange County, 18 miles southeast of the City. All of these airports provide regional service. Fullerton Municipal Airport, 1 mile to the east, also provides freight services as well as commuter services to Los Angeles International Airport.

## **Services and Community Facilities**

Buena Park provides police protection, sewer maintenance, water, trash collection, street sweeping, park maintenance and building inspection. It cooperates with Orange County in the provisions of flood control and contracts with the Orange County Fire Authority for fire protection and emergency paramedic services.

The Buena Park Police Department has 144 full-time personnel including 94 sworn officers and 50 non-sworn full-time personnel serving the community.

Buena Park has two hospitals with a total bed capacity of 124. There are approximately 200 physicians, 20 dentists, 11 optometrists and 18 chiropractors in the City.

Four school districts serve the City; Buena Park School District, Centralia School District, Fullerton Joint Union High School District and Anaheim Union High School District. In addition, there are six special education schools and five private schools in the City. Nearby are Cypress Community College, Fullerton College and Cal State, Fullerton, as well as several other junior and state colleges and universities within an easy commuting distance of Buena Park.

Cultural facilities include 32 churches, 1 library, 11 parks, live theatre, an 18-screen movie theater at the Buena Park Mall and numerous entertainment venues, including; Knott's Berry Farm, Knott's Soak City, Ripley's Believe it or Not, Pirates Dinner Adventure, and Medieval Times Dinner and Tournament.

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**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY  
FOR FISCAL YEAR ENDED JUNE 30, 2007**

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**REDEVELOPMENT AGENCY OF  
THE CITY OF BUENA PARK,  
CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**JUNE 30, 2007**

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REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

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**DIEHL, EVANS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2121 ALTON PARKWAY, SUITE 100  
IRVINE, CALIFORNIA 92606-4956  
(949) 399-0600 • FAX (949) 399-0610  
[www.diehlevans.com](http://www.diehlevans.com)

MICHAEL R. LUDIN, CPA  
CRAIG W. SPRAKER, CPA  
NITIN P. PATEL, CPA  
ROBERT J. CALLANAN, CPA  
\*PHILIP H. HOLTkamp, CPA  
\*THOMAS M. PERLOWSKI, CPA  
\*HARVEY J. SCHROEDER, CPA  
KENNETH R. AMES, CPA

\*A PROFESSIONAL CORPORATION

November 28, 2007

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Redevelopment Agency of  
the City of Buena Park  
Buena Park, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Buena Park (a component unit of the City of Buena Park, California) as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Redevelopment Agency of the City of Buena Park. 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Redevelopment Agency of the City of Buena Park (a component unit of the City of Buena Park, California) as of June 30, 2007 and the respective changes in financial position of the Redevelopment Agency of the City of Buena Park for the year then ended in conformity with accounting principles generally accepted in the United States of America.

- 1 -

OTHER OFFICES AT:

2965 ROOSEVELT STREET  
CARLSBAD, CALIFORNIA 92008-2389  
(760) 729-2343 • FAX (760) 729-2234

613 W. VALLEY PARKWAY, SUITE 330  
ESCONDIDO, CALIFORNIA 92025-2598  
(760) 741-3141 • FAX (760) 741-9890

In accordance with Government Auditing Standards, we have also issued a report dated November 28, 2007 on our consideration of the Agency'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redevelopment Agency of the City of Buena Park's basic financial statements. The computation of the excess surplus of the Low and Moderate Housing Special Revenue Fund is presented for additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Dieth, Evans and Company, LLP*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis

June 30, 2007

The information presented in "Management's Discussion and Analysis" is intended to be a narrative overview of the Redevelopment Agency of the City of Buena Park (Agency) financial activities for the fiscal year ended June 30, 2007.

### Financial Highlights

- Governmental net assets totaled \$43.1 million. The unrestricted net assets totaled \$17.8 million.
- The total net assets increased by \$17.3 million.
- As of June 30, 2007, the governmental fund balance was \$75.5 million, an increase of \$15.1 million in comparison to the prior year.
- Total Agency debt decreased by \$1.1 million.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplemental information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's financial position, in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting.

The *statement of net assets* presents information on the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, an indicator of the improvement or decline in the financial position of the Agency can be seen by the increase or decrease in net assets.

The *statement of activities* presents information on the net cost of each government function during the fiscal year, as well as the change in net assets during the recent fiscal year. Changes in net assets are driven by the recognition and matching of revenues and expenses, regardless of the timing of related cash flows.

See independent auditors' report.

# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis (Continued)

June 30, 2007

### Overview of the Financial Statements (Continued)

**Government-wide financial statements (Continued).** Both of the government-wide financial statements highlight functions of the Agency that are principally supported by property tax increment and bond proceeds. Redevelopment activities, in general, include providing public improvements, assisting with development and rehabilitation of existing properties, and providing low and moderate-income housing.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are classified as governmental funds.

**Governmental funds.** *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information may be useful in evaluating the Agency's short-term financing requirements.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. The fund balance sheets and statement of revenues, expenditures, and changes in fund balances, provide reconciliations on pages 12 and 14 to facilitate the comparison between governmental funds and governmental activities.

The Agency is comprised of three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. All three funds are considered to be major funds.

The basic governmental fund financial statements can be found on pages 11 and 13.

**Notes to the financial statements.** The notes provide additional information in order for the reader to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 27.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on page 28 relating to the Agency's budget for its special revenue fund.

See independent auditors' report.

# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis (Continued)

June 30, 2007

### Government-wide Financial Analysis

Over time, net assets may serve as an indicator of the Agency's financial position. In 2006-07, net assets increased by \$17.3 million. The reason for the increase in net assets is explained in the *Changes in Net Assets* section on page 6.

### Redevelopment Agency's Net Assets

	Governmental Activities (In Millions)	
	Fiscal Year 2006-07	Fiscal Year 2005-06 As Restated
Current and other assets	\$ 87.9	\$ 68.0
Total assets	<u>87.9</u>	<u>68.0</u>
Current liabilities	5.4	1.6
Noncurrent liabilities	<u>39.4</u>	<u>40.6</u>
Total liabilities	<u>44.8</u>	<u>42.2</u>
Net assets:		
Restricted	25.3	19.1
Unrestricted	<u>17.8</u>	<u>6.7</u>
Total net assets	<u>\$ 43.1</u>	<u>\$ 25.8</u>

The Agency's assets exceeded liabilities by \$43.1 million at June 30, 2007 all of which is available for future spending, including repayment of debt.

See independent auditors' report.

**REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

**Management's Discussion and Analysis  
(Continued)**

June 30, 2007

**Government-wide Financial Analysis (Continued)**

**Redevelopment Agency's Changes in Net Assets**

	Governmental Activities (In Millions)	
	Fiscal Year 2006-07	Fiscal Year 2005-06
	<u>          </u>	<u>          </u>
Revenues:		
Property taxes	\$ 24.3	\$ 19.7
Other	<u>3.7</u>	<u>2.9</u>
Total revenues	<u>28.0</u>	<u>22.6</u>
Expenses:		
Community development	8.6	6.7
Interest on long-term debt	<u>2.1</u>	<u>2.0</u>
Total expenses	<u>10.7</u>	<u>8.7</u>
Increase in net assets	17.3	13.9
Net assets - beginning, as restated	<u>25.8</u>	<u>11.9</u>
Net assets - ending	<u>\$ 43.1</u>	<u>\$ 25.8</u>

Property tax increment revenues of \$24.3 million are the Agency's major revenue source. These tax increments are due to the increase in property value which is a result of the Agency's previous improvements to blighted areas.

Community development comprises the majority of expense (\$8.6 million). Community development includes developing commercial and residential areas and to underwrite the cost of such development in order to upgrade area property values.

See independent auditors' report.

# REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

## Management's Discussion and Analysis (Continued)

June 30, 2007

### Financial Analysis of Redevelopment Agency Funds

**Governmental funds.** The Agency uses fund accounting in order to comply with finance-related legal requirements. The Agency's governmental funds provide information on short-term inflows, outflows and balances of spendable resources. This information is useful in assessing financing requirements. The unreserved fund balance serves as a measure of the resources available for spending at fiscal year end.

At the end of 2006-07, the Agency's governmental funds reported combined ending fund balances of \$75.5 million, an increase of \$15.1 million from the prior year. These fund balances have already been committed 1) for low and moderate housing (\$16.0 million), 2) as a reserve for land held for resale (\$26.0 million), and 3) for principal and interest payments toward outstanding bond debt (\$34.0 million).

### Debt Administration

**Long-term debt.** At the end of fiscal year 2006-07, the Agency had a total of outstanding bonded debt and lease obligations of \$39.5 million as indicated below.

### Redevelopment Agency's Outstanding Debt

	Governmental Activities (In Millions)	
	Fiscal Year 2006-07	Fiscal Year 2005-06
2000 Tax Allocation Bonds	\$ 5.1	\$ 5.5
2003 Tax Allocation Bonds	21.2	22.1
Developer loan	4.3	4.3
Advances from City of Buena Park	8.9	8.7
Total outstanding debt	<u>\$ 39.5</u>	<u>\$ 40.6</u>

Debt is secured by property tax increment revenue. In 2006-07, outstanding debt decreased by \$1.1 million (2.7%) due to payments of current year principal obligations.

Information on debt service can be found on pages 24 to 27.

See independent auditors' report.

**REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK**

**Management's Discussion and Analysis  
(Continued)**

June 30, 2007

**Request for Information**

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, City of Buena Park, 6650 Beach Boulevard, Buena Park, CA 90622.

See independent auditors' report.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

STATEMENT OF NET ASSETS

June 30, 2007

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments (Note 3)	\$ 50,031,693
Accounts receivable	92,217
Taxes receivable	1,389,851
Interest receivable	620,043
Loans receivable	6,585,719
Restricted cash and investment with fiscal agent (Note 3)	2,346,807
Property held for resale	26,058,859
Deferred charges	<u>793,826</u>
<b>TOTAL ASSETS</b>	<u><b>87,919,015</b></u>
<b>LIABILITIES:</b>	
Accounts payable	4,028,762
Accrued liabilities	25,768
Due to other governments	1,352
Accrued interest payable	1,339,800
Noncurrent liabilities (Note 4):	
Due within one year	1,440,000
Due in more than one year	<u>38,012,780</u>
<b>TOTAL LIABILITIES</b>	<u><b>44,848,462</b></u>
<b>NET ASSETS:</b>	
Restricted for:	
Low and moderate income housing	23,144,435
Debt service	2,076,607
Unrestricted	<u>17,849,511</u>
<b>TOTAL NET ASSETS</b>	<u><u><b>\$ 43,070,553</b></u></u>

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental activities:					Governmental
Community development	\$ 8,511,639	\$ -	\$ -	\$ -	Activities
Interest on long-term debt	2,134,436	-	-	-	
Total governmental activities	<u>\$ 10,646,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(10,646,075)</u>
<b>GENERAL REVENUES:</b>					
Taxes:					
Property					24,365,981
Investment income					3,268,293
Other revenue not restricted to specific programs					<u>327,010</u>
Total general revenues and transfers					<u>27,961,284</u>
<b>CHANGE IN NET ASSETS</b>					
NET ASSETS - BEGINNING OF YEAR, AS RESTATED (NOTE 5)					
<u>25,755,344</u>					
NET ASSETS - END OF YEAR					
<u>\$ 43,070,553</u>					

See independent auditors' report and notes to basic financial statements.

## **FUND FINANCIAL STATEMENTS**

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REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	Low and Moderate Housing	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 15,810,225	\$ 34,180,695	\$ 40,773	\$ 50,031,693
Cash and investments with fiscal agent	-	2,076,607	270,200	2,346,807
Accounts receivable	1,237	-	90,980	92,217
Interest receivable	166,537	363,234	-	529,771
Taxes receivable	282,654	1,107,197	-	1,389,851
Loans receivable	6,222,355	-	363,364	6,585,719
Property held for resale	675,000	-	25,383,859	26,058,859
<b>TOTAL ASSETS</b>	<b>\$ 23,158,008</b>	<b>\$ 37,727,733</b>	<b>\$ 26,149,176</b>	<b>\$ 87,034,917</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 7,572	\$ 3,180,647	\$ 840,543	\$ 4,028,762
Accrued liabilities	6,001	-	19,767	25,768
Due to other governments	-	1,352	-	1,352
Deferred revenue	6,410,489	752,535	363,364	7,526,388
<b>TOTAL LIABILITIES</b>	<b>6,424,062</b>	<b>3,934,534</b>	<b>1,223,674</b>	<b>11,582,270</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Debt service	-	33,793,199	-	33,793,199
Property held for resale	675,000	-	25,383,859	26,058,859
Low and moderate housing	16,058,946	-	-	16,058,946
Unreserved reported in:				
Capital projects fund	-	-	(458,357)	(458,357)
<b>TOTAL FUND BALANCES</b>	<b>16,733,946</b>	<b>33,793,199</b>	<b>24,925,502</b>	<b>75,452,647</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,158,008</b>	<b>\$ 37,727,733</b>	<b>\$ 26,149,176</b>	<b>\$ 87,034,917</b>

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2007

Fund balances for governmental funds		\$ 75,452,647
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
<p>Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Balances at June 30, 2007 are:</p>		
Tax allocation bonds payable	\$ (26,590,000)	
Bond issuance premium, net of accumulated amortization	(51,387)	
Deferred amount on refunding, net of accumulated amortization	358,898	
Loans payable	(4,318,718)	
Deferred charges, net of accumulated amortization	793,826	
Advances from the City of Buena Park	<u>(8,851,573)</u>	
		(38,658,954)
Accrued interest payable for the current portion of interest due on bonds payable is not reported in the governmental funds		(1,339,800)
Interest receivable which is not considered to be available to finance current expenditures is not reported in the governmental funds. For the Statement of Net Assets, this amount is accrued as it pertains to the current fiscal year		90,272
Receivables that are measurable but not available are offset by deferred revenue in the governmental funds		<u>7,526,388</u>
Net assets of governmental activities		<u><u>\$ 43,070,553</u></u>

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2007

	Low and Moderate Housing	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 4,927,826	\$ 19,111,155	\$ -	\$ 24,038,981
Intergovernmental	210,675	-	-	210,675
Investment income	739,196	2,119,673	150,220	3,009,089
Other revenues	17,860	-	309,150	327,010
<b>TOTAL REVENUES</b>	<b>5,895,557</b>	<b>21,230,828</b>	<b>459,370</b>	<b>27,585,755</b>
<b>EXPENDITURES:</b>				
Development:				
Project development costs	1,272,489	2,312,036	1,301,226	4,885,751
Salaries	148,924	-	457,938	606,862
Pass-through payment	-	3,975,512	-	3,975,512
Debt service:				
Principal payments	178,657	1,598,143	-	1,776,800
Interest and other charges	128,260	1,473,261	239,510	1,841,031
<b>TOTAL EXPENDITURES</b>	<b>1,728,330</b>	<b>9,358,952</b>	<b>1,998,674</b>	<b>13,085,956</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,167,227</b>	<b>11,871,876</b>	<b>(1,539,304)</b>	<b>14,499,799</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	18,106,863	18,106,863
Transfers out	-	(18,106,863)	-	(18,106,863)
Proceeds of advances	-	564,509	-	564,509
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(17,542,354)</b>	<b>18,106,863</b>	<b>564,509</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,167,227</b>	<b>(5,670,478)</b>	<b>16,567,559</b>	<b>15,064,308</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>12,566,719</b>	<b>39,463,677</b>	<b>8,357,943</b>	<b>60,388,339</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 16,733,946</b>	<b>\$ 33,793,199</b>	<b>\$ 24,925,502</b>	<b>\$ 75,452,647</b>

See independent auditors' report and notes to basic financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Net change in fund balances - total governmental funds \$ 15,064,308

Amounts reported for governmental activities in the Statement of Activities  
are different because:

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effect of these differences in the treatment of long-term liabilities and related items is as follows:

Principal payments	\$ 1,776,800	
Proceeds of advances	<u>(564,509)</u>	1,212,291

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Interest expense	\$ (251,999)	
Amortization of issuance premium	2,994	
Amortization of deferred amount on refunding	(44,400)	
Amortization of deferred charges	<u>(46,242)</u>	(339,647)

Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds:

Investment income		(34,567)
-------------------	--	----------

Revenues that are measurable but not available are recorded as deferred revenue in the governmental funds

1,412,824

Change in net assets of governmental activities

\$ 17,315,209

See independent auditors' report and notes to basic financial statements.



REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of the significant accounting policies of the Redevelopment Agency of the City of Buena Park (the Agency) in conformity with accounting principles generally accepted in the United States of America.

A. Relationship to the City of Buena Park:

The Agency is an integral part of the reporting entity of the City of Buena Park, California. The funds of the Agency have been included within the scope of the basic financial statements of the City because the City Council of the City of Buena Park is the governing board and is financially accountable for the operations of the Agency. Only the funds of the Agency are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Buena Park, California.

B. Basis of Accounting and Measurement Focus:

The basic financial statements of the Agency are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the Agency as a whole, except for its fiduciary activities. These statements include separate columns for the governmental funds of the Agency. The Agency has no business-type activities, fiduciary activities or discretely presented component units.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Government-wide Financial Statements (Continued)

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by the parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues, if any, are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the Agency is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Fund Financial Statements (Continued)

Fund financial statements for the Agency's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds. The Agency has no other governmental funds.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Agency uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Fund Financial Statements (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

C. Fund Classifications:

The following funds are presented as major funds in the accompanying basic financial statements:

The Low and Moderate Housing Fund is a special revenue fund used to account for the required 20% set-aside of property tax increments that is legally restricted for increasing or improving housing for low and moderate income households.

The Debt Service Fund is a debt service fund used to account for that portion of the Agency's tax increment revenue that is set-aside for interest and principal payments associated with all debts of the Agency.

The Capital Projects Fund is a capital project fund used to account for the financial resources of the development and redevelopment project areas, including acquisition of properties, cost of site improvements, other cost of benefits to the project area and administrative expenses incurred in sustaining the Agency.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Property Held for Resale:

Property held for resale is carried in the low and moderate housing fund and capital projects fund at the lower of acquisition cost or estimated net realizable value.

E. Cash and Investments:

Investments are reported in the accompanying basic financial statements at fair value, except for investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Agency's cash and investments held by fiscal agents are pledged to the payment or security of certain long-term issuances. 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 ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make.

F. Deferred Revenue:

Deferred revenue consists primarily of delinquent property taxes and deferred loans receivable that are measurable but not considered available to finance current operations in the fund financials. In the government-wide statements, these amounts are classified to the appropriate revenue source.

G. Deferred Charges:

Deferred bond issue costs totaled \$793,826, net of accumulated amortization, as of June 30, 2007. The costs are being amortized on a straight-line basis through 2024. Amortization expense totaled \$46,242 for the year ended June 30, 2007.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Use of Estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CREATION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK:

The Agency was created by Ordinance No. 823 of the Buena Park City Council, adopted on March 21, 1972. The Agency was established pursuant to the Community Redevelopment Law of California as codified in Part I of Division 24 of the State of California Health and Safety Code.

The principal objectives of the Agency are to upgrade residential neighborhoods, improve the commercial environment, generate added employment opportunities and strengthen the City of Buena Park's economic base. The principal project of the Agency is known as the Central Business District Redevelopment Project which was approved by Ordinance No. 1069 at the meetings of the Agency and the Buena Park City Council on December 3, 1979 and was amended by the addition of ten sub-areas approved by Ordinances No. 1115 through 1124 adopted by the Agency on November 16, 1981.

A second project of the Agency, known as Project Area II, was approved by Ordinance No. 1163 at the meetings of the Agency and the Buena Park City Council on October 1, 1984. Eminent domain was added to specific sub-areas by Ordinance No. 1204 adopted August 3, 1987 and Ordinance No. 1243 adopted May 7, 1990.

A third project area was approved on July 9, 1990 by Ordinance No. 1246 by the Agency and Buena Park City Council. This project area is known as Project Area III.

A fourth project area was approved on May 7, 2002 by Ordinance No. 1246 by the Agency and Buena Park City Council. This project area is known as Project Area IV.

On May 7, 2002, the Agency approved through Ordinance No. 1422, the Consolidated Redevelopment Project, which merged all existing project areas.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS:

Cash and investments are reported as follows:

Statement of Net Assets:

Cash and investments	\$ 50,031,693
Restricted cash and investments with fiscal agent	<u>2,346,807</u>

Total cash and investments	<u>\$ 52,378,500</u>
----------------------------	----------------------

Cash and investments held by the Agency at June 30, 2007, consisted of the following:

Pooled with City of Buena Park	\$ 50,031,693
Escrow deposit	270,200
Cash and investments with fiscal agents	<u>2,076,607</u>

Total cash and investments	<u>\$ 52,378,500</u>
----------------------------	----------------------

Amounts reported as restricted cash represent cash balances contractually restricted under terms of the Tax Allocation Bonds for bond covenants.

**Investments Authorized by the California Government Code and the Agency's Investment Policy:**

The table below identifies the investment types that are authorized for the Agency by the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by the California Government Code and the Agency's Investment Policy (Continued):**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage or Amount Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Bonds and Notes	5 years	None	None
U.S. Government Sponsored			
Enterprise Securities	5 years	None	None
Banker's Acceptances Notes	180 days	20%	30%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	15%	None
Medium-Term Corporate Notes	5 years	30%	None
Commercial Paper	180 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	35%	None
Mutual Fund Administered by a Major Bank	5 years	\$ 500,000	None

N/A - Not Applicable

**Investments Authorized by Debt Agreements:**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Banker's Acceptance, Money Market Mutual Funds, Investment Agreements, Repurchase Agreements, Local agency Investment Fund of the State of California and any other investments permitted in writing by bond insurer.. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance and Certificates of Deposits which are limited to one year.

See independent auditors' report.



REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates 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 market interest rates. One of the ways that the Agency 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.

Information about the sensitivity of the fair values of the Agency's investments held by bond trustee to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity:

Investment Type	Remaining Maturity (in Months)		Total
	12 Months or Less	Over 60 Months	
Held by Bond Trustee:			
Money Market Mutual Funds	\$ 404,642	\$ -	\$ 404,642
Investment Agreements	-	1,671,965	1,671,965
	<u>\$ 404,642</u>	<u>\$ 1,671,965</u>	<u>\$ 2,076,607</u>

**Disclosures Relating to Credit Risk:**

Generally, credit risk is 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 rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year end for each investment type:

Investment Type	Total as of June 30, 2007	Minimum Legal Rating	AAA	Unrated
Held By Bond Trustee:				
Money Market Mutual Funds	\$ 404,642	A	\$ 404,642	\$ -
Investment Agreements	1,671,965	N/A	-	1,671,965
Total	<u>\$ 2,076,607</u>		<u>\$ 404,642</u>	<u>\$ 1,671,965</u>

N/A - Not Applicable

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

3. CASH AND INVESTMENTS (CONTINUED):

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**Disclosure Related to Interest Rate Risk, Credit Risk and Custodial Credit Risk:**

The Agency's cash and investments are pooled with the City of Buena Park's cash and investments. Additional disclosures regarding the \$50,031,693 pooled investments related to interest rate risk, credit risk and custodial credit risk are available in the City of Buena Park's Comprehensive Annual Financial Report.

4. LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007	Due within One Year
Tax Allocation Bonds	\$ 27,985,000	\$ -	\$ (1,395,000)	\$ 26,590,000	\$ 1,440,000
Add (less) deferred amounts:					
For issuance premium	54,381	-	(2,994)	51,387	-
On advance refunding	(403,298)	-	44,400	(358,898)	-
Total tax allocation bonds	27,636,083	-	(1,353,594)	26,282,489	1,440,000
Loan payable	4,318,718	-	-	4,318,718	-
Advances from the City of Buena Park	8,668,864	564,509	(381,800)	8,851,573	-
Totals	<u>\$ 40,623,665</u>	<u>\$ 564,509</u>	<u>\$ (1,735,394)</u>	<u>\$ 39,452,780</u>	<u>\$ 1,440,000</u>

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

4. LONG-TERM LIABILITIES (CONTINUED):

A. Tax Allocation Bonds:

Tax Allocation Bonds, Series 2000

\$8,265,000 Tax Allocation Bonds, Series 2000; issued February 2, 2000; \$8,265,000 of serial bonds are due in annual principal installments of \$525,000 to \$750,000 through September 1, 2014; bonds maturing on or after September 1, 2008 are subject to optional redemption on or after September 1, 2007; secured by tax increment revenues; interest ranging from 4.00% to 5.40%. A financial guarantee insurance policy has been issued, and accordingly, no cash reserve balance is required to be established. At June 30, 2007, the outstanding balance was \$5,040,000.

The debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 525,000	\$ 243,865	\$ 768,865
2009	550,000	218,328	768,328
2010	580,000	190,918	770,918
2011	610,000	161,458	771,458
2012	640,000	129,888	769,888
2013	675,000	95,849	770,849
2014	710,000	59,315	769,315
2015	750,000	20,250	770,250
Totals	<u>\$ 5,040,000</u>	<u>\$ 1,119,871</u>	<u>\$ 6,159,871</u>

2003 Tax Allocation Refunding Bonds

On July 2, 2003, the Redevelopment Agency of the City of Buena Park issued \$24,055,000 of Tax Allocation Bonds to provide funds to advance refund the 1992 Refunding Tax Allocation Bond Series A and B issued by the Agency. The 2003 Bonds were issued at a premium of \$63,363. This premium is being amortized on a straight-line basis as interest expense through 2024. The advance refunding met the requirements of an in-substance defeasance and the 1992 Tax Allocation Bonds were removed from the Agency's long-term debt. The principal balance on the 1992 Tax Allocation Bonds were paid off on September 2, 2003.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

4. LONG-TERM LIABILITIES (CONTINUED):

A. Tax Allocation Bonds (Continued):

2003 Tax Allocation Refunding Bonds (Continued)

The 2003 Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's \$8,265,000 aggregate principal amount of the 2000 Refunding Tax Allocation Bonds. The reserve requirement of \$1,658,129 is covered by \$1,671,980 held in a reserve fund by the fiscal agent for the bonds.

The Bonds are payable in annual installments ranging from \$915,000 to \$1,600,000 until maturity on September 1, 2024. Interest is payable semiannually on March 1 and September 1, with rates ranging from 2.0% to 4.2% per annum. Bonds outstanding at June 30, 2007 were \$21,550,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$495,798. This difference, reported in the accompanying financial statements as a reduction from bonds payable, is being charged to interest expense through the year 2014.

Future debt service requirements on these bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 915,000	\$ 742,766	\$ 1,657,766
2009	935,000	720,785	1,655,785
2010	960,000	696,618	1,656,618
2011	985,000	670,840	1,655,840
2012	1,010,000	643,655	1,653,655
2013 - 2017	5,535,000	2,721,471	8,256,471
2018 - 2022	6,590,000	1,624,973	8,214,973
2023 - 2025	<u>4,620,000</u>	<u>293,050</u>	<u>4,913,050</u>
Subtotals	21,550,000	8,114,158	29,664,158
Add (less) deferred amounts:			
Issuance premium	51,387	-	51,387
On advance refunding	<u>(358,898)</u>	<u>-</u>	<u>(358,898)</u>
Totals	<u>\$ 21,242,489</u>	<u>\$ 8,114,158</u>	<u>\$ 29,356,647</u>

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2007

4. LONG-TERM LIABILITIES (CONTINUED):

B. Loan Payable:

A loan was made by a developer, in the amount of \$4,318,718, to the Redevelopment Agency of the City of Buena Park for the acquisition of real property. Interest compounded annually at 8%. Quarterly payments are due in amounts that at least equal 40.00% of the sales tax revenue, generated on the property, and received and retained by the City. As of June 30, 2007 the amount outstanding was \$5,326,669, including accrued unpaid interest of \$1,007,951. The term of the loan ends May 2014, at which time any unpaid principal and interest will be forgiven by the developer. For this reason, accrued unpaid interest is not included in the principal balance for this loan payable.

Total estimated debt service schedule for the loan payable (based on estimated annual sales tax revenue of \$500,000) are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ -	\$ 200,000	\$ 200,000
2009	-	200,000	200,000
2010	-	200,000	200,000
2011	-	200,000	200,000
2012	-	200,000	200,000
2013 - 2014	-	400,000	400,000
Subtotals	-	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>
Estimated amount to be forgiven	<u>4,318,718</u>		
Totals	<u>\$ 4,318,718</u>		

C. Advances from the City of Buena Park:

The Agency has borrowed \$8,851,573 from the City of Buena Park for use in its redevelopment activities. There are no stipulated due dates for the payment of principal and interest and interest accrues at rates ranging from 3.07% to 10.00%.

5. RESTATEMENT OF NET ASSETS:

The net assets at July 1, 2006 were increased by \$1,128,447 to \$25,755,344 to adjust the loans receivable balance for deferred loans not previously included on the government-wide statement of net assets.

See independent auditors' report.

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**REQUIRED SUPPLEMENTARY INFORMATION**

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

BUDGETARY COMPARISON SCHEDULE

LOW AND MODERATE HOUSING SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,200,000	\$ 3,200,000	\$ 4,927,826	\$ 1,727,826
Intergovernmental	100,000	100,000	210,675	110,675
Investment income	376,510	376,510	739,196	362,686
Other revenues	8,930	8,930	17,860	8,930
<b>TOTAL REVENUES</b>	<b>3,685,440</b>	<b>3,685,440</b>	<b>5,895,557</b>	<b>2,210,117</b>
<b>EXPENDITURES:</b>				
Development:				
Project development costs	1,297,340	1,316,595	1,272,489	44,106
Salaries	150,170	152,670	148,924	3,746
Debt service:				
Principal payments	178,660	178,660	178,657	3
Interest and other charges	128,260	128,260	128,260	-
<b>TOTAL EXPENDITURES</b>	<b>1,754,430</b>	<b>1,776,185</b>	<b>1,728,330</b>	<b>47,855</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,931,010</b>	<b>1,909,255</b>	<b>4,167,227</b>	<b>2,257,972</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>12,566,719</b>	<b>12,566,719</b>	<b>12,566,719</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 14,497,729</b>	<b>\$ 14,475,974</b>	<b>\$ 16,733,946</b>	<b>\$ 2,257,972</b>

See independent auditors' report and note to required supplementary information.



REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2007

1. BUDGET AND BUDGETARY ACCOUNTING:

The Agency adopted an annual budget prepared on the modified accrual basis for the Special Revenue Fund, which is consistent with accounting principles generally accepted in the United States of America. The Debt Service and Capital Projects Funds budgets were not presented because these funds of the Agency are primarily "long-term" budgets which emphasize major programs and capital outlay plans extending over a number of years. Because of the long-term nature of projects, annual budget comparisons are not considered meaningful and, accordingly, no budgetary information is included in the accompanying financial statements.

See independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK

COMPUTATION OF THE EXCESS SURPLUS OF THE  
LOW AND MODERATE HOUSING SPECIAL REVENUE FUND

July 1, 2006

		<u>All Project Areas</u>
OPENING FUND BALANCE - JULY 1, 2006		\$ 12,566,719
LESS UNAVAILABLE AMOUNTS:		
Amount encumbered		<u>(1,200,000) (a)</u>
AVAILABLE LOW/MODERATE INCOME HOUSING FUNDS		11,366,719
LIMITATION (GREATER OF \$1,000,000 OR FOUR YEARS SET-ASIDE):		
Set-aside for last four years:		
2005 - 2006	\$ 3,985,629	
2004 - 2005	3,080,433	
2003 - 2004	2,048,178	
2002 - 2003	<u>1,555,995</u>	
TOTAL SET-ASIDE FOR LAST FOUR YEARS	<u>\$ 10,670,235</u>	
Base limitation	<u>\$ 1,000,000</u>	
GREATER AMOUNT		<u>10,670,235</u>
COMPUTED EXCESS SURPLUS - JULY 1, 2006		<u>\$ 696,484</u>

(a) Reflects \$1,200,000 reserved for Dorado Senior Apartments, L.P. pursuant to Development and Disposition Agreement signed on September 10, 2002 and amended March 25, 2003, July 22, 2003 and July 13, 2004.

See independent auditors' report.



**DIEHL, EVANS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2121 ALTON PARKWAY, SUITE 100  
IRVINE, CALIFORNIA 92606-4956  
(949) 399-0600 • FAX (949) 399-0610  
[www.diehlevents.com](http://www.diehlevents.com)

MICHAEL R. LUDIN, CPA  
CRAIG W. SPRAKER, CPA  
NITIN P. PATEL, CPA  
ROBERT J. CALLANAN, CPA  
\*PHILIP H. HOLTkamp, CPA  
\*THOMAS M. PERLOWSKI, CPA  
\*HARVEY J. SCHROEDER, CPA  
KENNETH R. AMES, CPA

\*A PROFESSIONAL CORPORATION

November 28, 2007

**INDEPENDENT AUDITORS' 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**

Board of Directors  
Redevelopment Agency of the  
Of the City of Buena Park  
Buena Park, California

We have audited the financial statements of the governmental activities and each major fund for the Redevelopment Agency of the City of Buena Park (the Agency) as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 28, 2007. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control

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OTHER OFFICES AT:

2965 ROOSEVELT STREET  
CARLSBAD, CALIFORNIA 92008-2389  
(760) 729-2343 • FAX (760) 729-2234

613 W. VALLEY PARKWAY, SUITE 330  
ESCONDIDO, CALIFORNIA 92025-2598  
(760) 741-3141 • FAX (760) 741-9890

### Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies over material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Redevelopment Agency of the City of Buena Park free of material misstatements, 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. Such provisions included those provisions of laws and regulations identified in the Guidelines For Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. 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 two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Pursuant to California Health and Safety Code Section 33080.4, a property report must be provided and submitted to the Agency's legislative body and the State Controller on an annual basis. For the fiscal year ended June 30, 2006, a property report was not produced and submitted as required.

Pursuant to California Health and Safety Code Section 33080.1, an independent auditors' report on the financial statements and on legal compliance must be submitted to the Board of Directors within six months of the end of the fiscal year. For the fiscal year ended June 30, 2006, such reports were not submitted in a timely manner.

This report is intended solely for the information and use of the Board of Directors and management of the Redevelopment Agency of the City of Buena Park and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specific parties.

*Diehl, Evans and Company, LLP*

**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

June 19, 2008

Community Redevelopment Agency of the City of Buena Park  
6650 Beach Boulevard  
Buena Park, California 90621

OPINION: \$26,920,000 Community Redevelopment Agency of the City of Buena Park  
Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds,  
Series B

**Members of the Agency:**

We have acted as bond counsel in connection with the issuance by the Community Redevelopment Agency of the City of Buena Park (the "Agency") of \$26,920,000 Community Redevelopment Agency of the City of Buena Park Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds, Series B (the "Bonds"), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), and an Indenture of Trust, dated as of February 1, 2000, as amended and supplemented, including as amended and supplemented a Third Supplement to Indenture of Trust, dated as of February 1, 2008 (as amended and supplemented, the "Indenture"), both by and between the Agency and Union Bank of California, N.A., as trustee. We have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is duly created and validly existing as a public body, corporate and politic, under the laws of the State of California, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with other obligations (if any) issued or to be issued under the Indenture, subject to no prior lien granted under the Law.

4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform owners of the Bonds that any U.S. federal tax advice contained in this opinion is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code of 1986 or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Community Redevelopment Agency of the City of Buena Park (the "Agency") in connection with the issuance by the Agency of its \$26,920,000 Community Redevelopment Agency of the City of Buena Park, Consolidated Redevelopment Project 2008 Taxable Tax Allocation Bonds, Series B (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2000, as supplemented by a First Supplement to Indenture of Trust, dated as of June 1, 2003, a Second Supplement to Indenture of Trust, dated as of February 1, 2008, and a Third Supplement to Indenture of Trust, dated as of February 1, 2008 (as supplemented, the "Indenture"), each between the Agency and Union Bank of California, N.A. (the "Trustee"). The Agency hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Dissemination Agent*" shall mean Union Bank of California, N.A., or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Internet at [www.sec.gov/consumer/nrmsir.htm](http://www.sec.gov/consumer/nrmsir.htm)

"*Official Statement*" shall mean the final Official Statement dated June 4, 2008, relating to the Bonds.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering the Bonds.

"*Repository*" shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Agency’s fiscal year (which currently would be December 31 based upon the Agency’s current June 30 fiscal year), commencing by December 31, 2008 with the report for the 2007-08 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(d) Notwithstanding the foregoing, so long as the Securities and Exchange Commission has not withdrawn the interpretive advice in its letter dated September 7, 2004 to the Texas Municipal Advisory Council (the “MAC”), the Agency, or the Dissemination Agent on the District’s behalf, may transmit the Annual Report or any other filing required under this Disclosure Agreement solely to the MAC as provided at <http://www.disclosureusa.org> in lieu of sending the Annual Report to each Repository.



Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement for the Bonds, as follows:

(i) summary of Agency indebtedness payable from tax increment generated with respect to the Consolidated Redevelopment Project Area (the "Project Area"), including the amount outstanding as of June 30 of the preceding fiscal year;

(ii) updates to the historical assessed valuation of the Project Area for the preceding fiscal year in substantially the form of Tables #7 through 11 (Historical Assessed Valuation by Constituent Project) in the Official Statement.

(iii) statement of largest property tax payers in the Project Area for the preceding fiscal year in substantially the form of Table #6 (Ten Largest Property Tax Payers) in the Official Statement.

(iv) summary of assessed values and Tax Revenues in substantially the form of Table #2 (Summary of Consolidated Redevelopment Project (Constituent Projects)) in the Official Statement; and

(v) debt service coverage for the most recent fiscal year in substantially the form of Table #12 (Projected Taxable Value, Tax Revenues, and Debt Service Coverage) in the Official Statement.

(vi) summary of assessed valuation appeals activity in the Project Area for the summary of assessed valuation appeals activity in the Project Area for the preceding year in substantially the form of such appeals activity information under the heading "THE CONSOLIDATED REDEVELOPMENT PROJECT AREA – Appeals of Assessed Values" in the Official Statement, but only if total pending and successful appeals for the preceding fiscal year exceed, in the aggregate, 10% of assessed value in the Project Area; and

(vii) summary of property tax collections in the Project Area in substantially the form of Table #4 (Tax Collections) in the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled bond calls.

- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Union Bank of California, N.A. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Bondholders, or any other party.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of the Dissemination Agent):

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be arm action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Counterpart. This Disclosure Certificate may be executed in counterpart, each of which shall constitute an original signature page thereof.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, any Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June 19, 2008

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK

By: \_\_\_\_\_  
Executive Director

ACKNOWLEDGED AND CONSENTED TO:

\_\_\_\_\_  
UNION BANK OF CALIFORNIA, N.A., as  
Dissemination Agent

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Community Redevelopment Agency of the City of Buena Park

Name of Bond Issue: Community Redevelopment Agency of the City of Buena Park,  
Consolidated Redevelopment Project 2008 Taxable Tax Allocation  
Bonds, Series B

Date of Issuance: June 19, 2008

NOTICE IS HEREBY GIVEN that the Community Redevelopment Agency of the City of Buena Park (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture of Trust, dated as of June 1, 2003, a Second Supplement to Indenture of Trust, dated as of February 1, 2008, and a Third Supplement to Indenture of Trust, dated as of February 1, 2008, each by and between the Agency and Union Bank of California, N.A., as trustee. The Agency anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK

By \_\_\_\_\_  
Executive Director

cc: Trustee

## APPENDIX F

### BOOK ENTRY ONLY SYSTEM

*The information in this Appendix F concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details

of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agency, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.



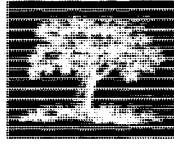
The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

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**APPENDIX G**

**FINANCIAL ADVISOR'S PROJECTED TAX REVENUES REPORT**

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HARRELL & COMPANY  
ADVISORS, LLC

## PROJECTED TAX REVENUES

### Tax Allocation Financing

The Redevelopment Law and the California Constitution provide a method for financing and refinancing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, is established and becomes the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, will receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes as indicated above.

### Tax Increment Revenues

As provided in each of the Redevelopment Plans for the constituent project areas (the constituent project areas are individually referred to herein as "Redevelopment Projects" and the project area resulting from the merger of the Redevelopment Projects is referred to herein as the "Project Area"), and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Redevelopment Projects each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of each constituent Redevelopment Plan, will be divided as follows:

1. To Taxing Agencies: The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said Taxing Agencies, as defined herein, upon the total sum of the assessed value of the taxable property in the project area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized prior to the establishment of the project area will be allocated to, and when collected will be paid into, the funds of the respective Taxing Agencies as taxes by or for said Taxing Agencies; and
2. To the Agency: The portion of such levied taxes each year in excess of such amount will be allocated to, and when collected, will be paid into a special fund of the Agency to the extent necessary to pay indebtedness of the Agency.

**Manner in Which Property Valuations and Assessments are Determined (Article XIII A).** On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment."

This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the California Constitution, redevelopment agencies are prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 (see "Property Tax Rate" below).

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

For each fiscal year since Article XIII A has become effective (the 1978/79 fiscal year), the annual increase for inflation has been at least 2% except in six fiscal years. For the 1981/82 fiscal year, the annual increase for inflation was 1%; for the 1994/95 fiscal year, the annual increase for inflation was 1.0119%; for the 1995/96 fiscal year, the annual increase for inflation was 1.19%; for the 1996/97 fiscal year, the annual increase for inflation was 1.11%, for the 1998/99 fiscal year, the annual increase for inflation was 1.853% and for the 2004/05 fiscal year, the annual increase for inflation was 1.867%, reflecting the actual increase in the State Consumer Price Index, as reported by the State Department of Finance.

**Proposition 8 Adjustments.** Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. However, in 2001 an Orange County Superior Court held that such reassessment formula violates the inflationary rate increase limitation of Article XIII A of the California Constitution. The Court held that once the assessed value of a property is reduced pursuant to Proposition 8, any subsequent increase in assessed value may not exceed the inflationary rate limitation (not to exceed 2%) of Article XIII A. On April 18, 2003, the Superior Court entered its final judgment. On June 12, 2003, the Orange County Assessor, together with the Tax Collector and the County of Orange filed notice of appeal of the Superior Court Judgment. The Appellate Court held a hearing on the matter on January 7, 2004, and issued its opinion on March 26, 2004, reversing the holding of the Orange County Superior Court. The Plaintiffs filed an appeal with the California State Supreme Court and on July 21, 2004, the California State Supreme Court by a 5-2 vote decided not to hear an appeal, ending this litigation.

**Unsecured and Secured Property.** In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the Orange County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding fiscal year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31, and such taxes are levied at the prior year's secured tax rate.

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

Currently, a 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. Property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Under State law, from time of the sale of the property to the State for nonpayment of taxes, owners have five years to redeem, during which time legal title remains in the owners as taxpayers subject to a lien in favor of the County. The amount necessary to redeem the property is equal to the sum of the delinquent taxes, delinquency penalties and redemption penalties of 1½% per month. Five years after the property is in default of taxes, the tax collector has the authority to sell property which has not been redeemed.

A 10% penalty also attaches to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1½% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

**Supplemental Assessments.** Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

**Unitary Property.** Commencing in the 1988/89 fiscal year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 fiscal year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

**Property Tax Rate.** There are numerous tax rate areas within the Project Area. The differences between the \$1.00 tax rate and those actually levied (referred to as the "tax override rate") represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Tax override rates typically decline each year. A declining tax override rate is the result of several factors: an effective limit, established by Article XIII A of the California Constitution, on the amount of property taxes that can be levied; rising taxable values within the jurisdictions of taxing entities levying the approved override rate (which reduces the tax rate needed to be levied by the taxing entity to meet debt service requirements); and the eventual retirement, over time, of the voter-approved debt.

For fiscal year 2007/08 the effective tax rate, including the effective tax override rate, for the majority of the property in the Project Area was approximately \$1.0656% per \$100 of taxable value.

**Administrative Costs.** In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Such administrative fees are estimated to be approximately 0.55% of Tax Increment Revenues.

## **Redevelopment Plans**

The City Council approved and adopted the Redevelopment Plan for the Central Business District Redevelopment Project on December 3, 1979, pursuant to Ordinance No. 1069. It was subsequently amended on November 16, 1981 pursuant to Ordinance Nos. 1115 through 1124 to include additional area (referred to herein as the "Amendment Area"). The Redevelopment Plan was also amended on July 20, 1992 pursuant to Ordinance No. 1285 to approve certain eminent domain time limitations, on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290 (see "Plan Limitations" below), again on October 26, 1999 pursuant to Ordinance No. 1395 to establish the last date to incur indebtedness, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045 and on March 27, 2007 pursuant to Ordinance No. 1496 to extend the plan limits by two years under the provisions of SB 1096.

The City Council approved and adopted the Redevelopment Plan for Project Area No. II on October 1, 1984, pursuant to Ordinance No. 1163. It was subsequently amended on August 3, 1987 pursuant to Ordinance No. 1204 to extend eminent domain powers to certain property, on May 7, 1990 pursuant to Ordinance No. 1243 to extend eminent domain powers to certain property, on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045 and on March 27, 2007 pursuant to Ordinance No. 1496 to extend the plan limits by two years under the provisions of SB 1096.

The City Council approved and adopted the Redevelopment Plan for Project Area No. III on July 9, 1990, pursuant to Ordinance No. 1246. It was subsequently amended on August 15, 1994 pursuant to Ordinance No. 1309 to add limitations prescribed by AB 1290, on March 26, 2002 pursuant to Ordinance No. 1418 to eliminate the time limit to incur debt, and on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045.



The City Council approved and adopted the Redevelopment Plan for Project Area No. IV on May 7, 2002, pursuant to Ordinance No. 1421. It was subsequently amended on February 8, 2005 pursuant to Ordinance No. 1464 to extend the plan limits by one year under the provisions of SB 1045.

The City Council concluded proceedings to merge the four redevelopment projects on May 7, 2002 and adopted Ordinance No. 1422, creating the Buena Park Consolidated Redevelopment Project Area. The ordinance also amended the last date for the Agency to incur debt with respect to the Central Business District Redevelopment Project and Project Area No. II, increased the maximum tax increment to be allocated to the Central Business District Redevelopment Project to \$250,000,000 and added a combined limit on bonded indebtedness for the Buena Park Consolidated Redevelopment Project Area of \$380,000,000.

On June 26, 2007, the City Council adopted Ordinance No. 1501 to amend the Redevelopment Plan for the Buena Park Consolidated Redevelopment Project Area to expand the list of redevelopment activities that the Agency may undertake in the Project Area. On January 22, 2008, the City Council adopted Ordinance No. 1513 to make technical corrections to the Redevelopment Plan.

## **Plan Limitations**

The Redevelopment Plan for the Project Area imposes certain limitations on the amount of Tax Increment Revenues that the Agency may be allocated from the constituent redevelopment projects. In 1993, the State Legislature adopted Assembly Bill 1290 (AB 1290), which imposed certain time limitations on (1) the allocation of Tax Increment Revenues to a redevelopment project, (2) the effectiveness of a redevelopment plan and (3) the incurrence of debt. Prior to subsequent changes, Section 33333.6 of the Redevelopment Law provided that a redevelopment agency may not pay indebtedness or receive property taxes pursuant to Section 33670 of the Redevelopment Law after ten years from the termination of the effectiveness of a redevelopment plan (which was limited to the later of January 1, 2009 or 40 years after the adoption of such redevelopment plan). In 1998, the State Legislature adopted Assembly Bill 1342 (AB 1342), which allowed redevelopment agencies to extend plan limitations to such maximum terms without having to comply with the statutory plan amendment process if such agency's existing plan limits were shorter. In 2002, the State Legislature adopted Senate Bill 211 (SB 211), allowing the elimination of the Agency's limitation on incurring debt.

More recently, Senate Bill 1045 (SB 1045) provided that the governing body could adopt an ordinance to extend the limits on the termination of redevelopment plans approved prior to 1994 and the authority to collect Tax Increment Revenues by one additional year if the Agency was required to make a payment to ERAF in 2003/04, and Senate Bill 1096 (SB 1096) provided that the governing body could, with respect to redevelopment plans with less than 20 years remaining, adopt an ordinance to extend the limits on the termination of redevelopment plans and the authority to collect Tax Increment Revenues by one additional year for each ERAF payment if the Agency was required to make a payment to ERAF in 2004/05 and 2005/06. Even though the constituent redevelopment projects have been merged, the limitations established with respect to a constituent redevelopment project continue to apply to such constituent redevelopment project, except with respect to the limitation on the maximum Tax Increment Revenues and on maximum outstanding bonded indebtedness as described below.

The limitations imposed by the respective Redevelopment Plans are as follows:

<u>Project Area</u>	<u>Maximum Tax Increment Revenues</u>	<u>Plan Expiration Date</u>	<u>Last Date to Incur Debt</u>	<u>Last Date to Collect Tax Increment</u>
CBD Project and Amendment	\$250,000,000	Dec. 3, 2022/ Nov. 16, 2024	None	Dec. 3, 2032/ Nov. 16, 2034
Project Area II	\$150,000,000	Oct. 1, 2027	None	Oct. 1, 2037
Project Area III	\$405,000,000	July 9, 2031	None	July 9, 2041
Project Area IV	None <sup>(1)</sup>	May 7, 2033	May 7, 2022	May 7, 2048

<sup>(1)</sup> As a post-1994 redevelopment project, the Project Area IV is not required to have a limit on total tax increment revenue.

As of June 30, 2007, the Agency had received Tax Increment Revenues of approximately \$75,695,000 with respect to the CBD Project and Amendment, approximately \$34,350,000 with respect to Project Area II and approximately \$12,357,000 with respect to Project Area III. Based on the projection included herein, the Agency expects to reach the limit on maximum Tax Increment Revenues with respect to the CBD Project and Amendment in 2029, and with respect to Project Area II in 2034. The Project Area has a combined limitation on bonded indebtedness of \$380,000,000.

### **Low and Moderate Income Housing**

In 1976, the Redevelopment Law was amended to require that for every redevelopment plan adopted after January 1, 1977, or any area which is added to a redevelopment project by an amendment to a redevelopment plan after January 1, 1977, not less than 20% of Tax Increment Revenues must be set aside annually for the purpose of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs to persons and families of very low, low or moderate income households. In 1985, the Redevelopment Law was further amended to add substantially the same requirements with respect to plans adopted prior to January 1, 1977.

Under the Redevelopment Law, the portion of Tax Increment Revenues which are required to be deposited in the Agency's Low and Moderate Income Housing Fund may be applied to pay the portion of debt service on any bonds to the extent the proceeds thereof were expended for qualifying low- and moderate-income housing projects. A portion of the proceeds from bonds issued by the Agency in 1988 were set aside in the Agency's Low and Moderate Income Housing Fund. Those bonds were refinanced with a portion of the proceeds of the Agency's 2000 bonds. Therefore approximately \$82,000 of the annual debt service on the 2000 bonds may be paid from amounts otherwise required to be deposited in the Low and Moderate Income Housing Fund (the "Housing Amount").

In addition, the Agency entered into a settlement agreement with respect to the formation of Project Area III which requires the Agency to set aside an additional 5% of gross Low and Moderate Income Housing Fund.

## Land Use

The relative acreage from each of the constituent redevelopment projects comprising the Project Area is shown below:

Central Business District	208 Acres
Central Business District Amendment Area	300 Acres
Project Area II	311 Acres
Project Area III	200 Acres
Project Area IV	<u>2,921 Acres</u>
	3,940 Acres

Assessed value by land use within each constituent redevelopment project is as follows:

	<u>CBD</u>	<u>CBD Amendment</u>	<u>Project Area II</u>	<u>Project Area III</u>	<u>Project Area IV</u>	<u>Combined</u>
Residential	26%	53%	22%	34%	59%	52%
Commercial	56%	32%	52%	42%	9%	20%
Industrial	2%	9%	3%	0%	17%	13%
Vacant	2%	0%	2%	0%	1%	1%
Other	<u>3%</u>	<u>1%</u>	<u>10%</u>	<u>12%</u>	<u>6%</u>	<u>6%</u>
	89%	95%	89%	88%	92%	92%
Unsecured	<u>11%</u>	<u>5%</u>	<u>11%</u>	<u>12%</u>	<u>8%</u>	<u>8%</u>
Total	100%	100%	100%	100%	100%	100%

## Historical Assessed Value

Historical assessed value for each constituent Redevelopment Project are shown in the tables below.

**TABLE NO. 1**  
**CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT**  
**HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES**  
**2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08 <sup>(3)</sup>
Secured <sup>(1)</sup>	\$103,389,842	\$118,482,294	\$127,867,020	\$146,273,054	\$152,448,483
Unsecured <sup>(1)</sup>	<u>17,088,710</u>	<u>20,262,404</u>	<u>20,700,006</u>	<u>26,856,683</u>	<u>18,551,087</u>
Total	\$120,478,552	\$138,744,698	\$148,567,026	\$173,129,737	\$170,999,570
Less: Base year <sup>(2)</sup>	<u>(18,194,156)</u>	<u>(18,111,356)</u>	<u>(18,083,556)</u>	<u>(17,573,596)</u>	<u>(17,451,956)</u>
Incremental Increase	\$102,284,396	\$120,633,342	\$130,483,470	\$155,556,141	\$153,547,614

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

(3) The overall decrease in assessed value can be attributed to a former Nabisco Manufacturing Plant that was sold in 2006. The equipment was removed and the facility was demolished.

Source: Orange County Auditor-Controller.

**TABLE NO. 2**  
**CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT – AMENDMENT AREA**  
**HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES**  
**2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$409,870,913	\$426,507,411	\$428,889,078	\$466,231,609	\$498,951,838
Unsecured <sup>(1)</sup>	<u>26,301,121</u>	<u>20,306,216</u>	<u>20,393,815</u>	<u>24,926,436</u>	<u>26,560,195</u>
Total	\$436,172,034	\$446,813,627	\$449,282,893	\$491,158,045	\$525,512,033
Less: Base year <sup>(2)</sup>	<u>(64,411,942)</u>	<u>(64,411,942)</u>	<u>(64,411,942)</u>	<u>(64,411,942)</u>	<u>(64,339,433)</u>
Incremental Increase	\$371,760,092	\$382,401,685	\$384,870,951	\$426,746,103	\$461,172,600

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 3  
PROJECT AREA II  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$285,044,385	\$298,730,685	\$328,612,075	\$344,701,522	\$368,749,522
Unsecured <sup>(1)</sup>	<u>36,177,062</u>	<u>38,016,806</u>	<u>38,943,001</u>	<u>45,500,207</u>	<u>46,003,180</u>
Total	\$321,221,447	\$336,747,491	\$367,555,076	\$390,201,729	\$414,752,702
Less: Base year <sup>(2)</sup>	<u>(101,098,224)</u>	<u>(101,073,568)</u>	<u>(101,073,568)</u>	<u>(100,589,532)</u>	<u>(100,551,145)</u>
Incremental Increase	\$220,123,223	\$235,673,923	\$266,481,508	\$289,612,197	\$314,201,557

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 4  
PROJECT AREA III  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$184,301,736	\$220,431,384	\$247,452,674	\$273,951,598	\$305,089,741
Unsecured <sup>(1)</sup>	<u>9,689,176</u>	<u>17,824,854</u>	<u>21,383,234</u>	<u>21,849,579</u>	<u>43,194,505</u>
Total	\$193,990,912	\$238,256,238	\$268,835,908	\$295,801,177	\$348,284,246
Less: Base year <sup>(2)</sup>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>	<u>(89,141,251)</u>
Incremental Increase	\$104,849,661	\$149,114,987	\$179,694,657	\$206,659,926	\$259,142,995

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

**TABLE NO. 5  
PROJECT AREA IV  
HISTORICAL ASSESSED VALUATIONS AND TAX REVENUES  
2003/04 through 2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
Secured <sup>(1)</sup>	\$1,837,172,350	\$2,017,579,288	\$2,331,579,697	\$2,546,754,084	\$2,847,706,666
Unsecured <sup>(1)</sup>	<u>26,620,550</u>	<u>249,127,639</u>	<u>202,668,927</u>	<u>239,665,976</u>	<u>216,005,962</u>
<b>Total</b>	\$1,863,792,900	\$2,266,706,927	\$2,534,248,624	\$2,786,420,060	\$3,063,712,628
Less: Base year <sup>(2)</sup>	<u>(1,857,250,132)</u>	<u>(1,857,031,282)</u>	<u>(1,857,182,321)</u>	<u>(1,857,182,321)</u>	<u>(1,857,182,321)</u>
<b>Incremental Increase</b>	\$ 6,542,768	\$ 409,675,645	\$ 677,066,303	\$ 929,237,739	\$1,206,530,307

(1) Taxable Valuation as of August 20 equalized roll.

(2) Base year assessed values may vary from year to year based on changes in property ownership of agencies exempt from property tax.

Source: Orange County Auditor-Controller.

### Major Taxpayers

The ten largest property taxpayers represent 10.4% of the 2007/08 total assessed value of the Project Area.

**TABLE NO. 6  
CONSOLIDATED PROJECT AREA  
TEN LARGEST TAXPAYERS AS A PERCENT OF 2007/08 ASSESSED VALUE**

<u>Taxpayer</u>	<u>2007/08 Assessed Value</u>	<u>% of Assessed Value</u>	<u>Constituent Redevelopment Project</u>	<u>Land Use</u>
PRI Buena Park Ind. CA LLC	\$121,800,000	2.7%	Project Area IV	Industrial Park
Coventry II DDR Buena Park LLC	100,023,960	2.2%	Project Area III/ CBD Amendment	Commercial (Mall)
Lennar Homes CA Inc	36,720,000	0.8%	Project Area III	Vacant Residential
Olson 737 Buena Park 3 LLC	35,886,921	0.8%	Project Area IV	Residential
LBA Realty Fund Holding Co. II LLC	34,949,846	0.8%	CBD Amendment	Industrial Park
Alticor Inc.	30,660,573	0.7%	Project Area IV	Manufacturing./Distribution
J C Penney Properties Inc.	28,417,444	0.6%	Project Area IV	Warehouse
Oltmans/SC Investments	26,531,107	0.6%	CBD Amendment	Industrial
Amway Corporation	26,500,342	0.6%	Project Area IV	Manufacturing/Warehouse
HK Fullerton LLC	<u>25,646,068</u>	<u>0.6%</u>	Project Area III	Commercial Center
	\$467,136,261	10.4%		

Source: Community Redevelopment Agency of the City of Buena Park.

## Tax Collections

The tables below represent the collection rates for taxes paid in the year levied in the constituent project areas.

**TABLE NO. 7  
CONSOLIDATED PROJECT AREA  
TAX COLLECTIONS**

<b>Fiscal Year</b>	<b>Original Levy <sup>(1)</sup></b>	<b>Supplemental/ Adjustments</b>	<b>Remitted to Agency <sup>(2)</sup></b>	<b>Collection Percentage <sup>(3)</sup></b>
2002/03	\$ 7,520,207	\$ 210,208	\$ 7,678,285	99.3%
2003/04	9,368,348	1,456,168	10,450,863	96.0%
2004/05	13,116,712	2,166,144	15,176,961	99.2%
2005/06	16,503,838	1,794,908	18,917,088	103.7%
2006/07	20,205,254	4,455,575	24,133,946	97.4%

<sup>(1)</sup> Based on the August 20 Equalized Roll.

<sup>(2)</sup> Includes supplemental assessments, collection of prior years' delinquent taxes, penalties, current year delinquencies, refunds, impounds but excludes and county administrative charges and allocated interest.

<sup>(3)</sup> Based on data provided by Orange County, these percentages represent the payment of taxes in the year actually levied.

Source: Orange County Auditor-Controller.

## Assessment Appeals

As of January 2008, there are 39 appeals pending within the Project Area, of which 29 relate to property values assessed on the 2007/08 tax roll. The remaining 10 pending appeals relate to prior years' tax rolls.

The 2007/08 tax roll value under appeal is \$74,395,890. One of the appeals was filed by Lennar Homes of California ("Lennar"), one of the largest taxpayers in the Project Area. The property value under appeal by Lennar is \$36,720,000. There are no other appeals currently pending with respect to any of the other ten largest taxpayers in the Project Area.

In the last 5 years, 32% of properties for which appeals were filed were successful in obtaining a reduction in value, and that reduction has averaged approximately 12% of the original assessment. However, for 2006/07, the average reduction granted was 37%, because US Union Tool was granted a 45% reduction in their \$17 million assessed value. This reduction was primarily related to unsecured personal property values. Excluding the US Union Tool appeal, the average reduction for successful appeals was 17%.

## Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as "tax sharing agreements" or "pass through agreements." The following describes the agreements entered into with respect to Project Area II and Project Area III.

## **Project Area II**

County of Orange General Fund and Flood Control District. Pursuant to its agreement with Orange County, including the General Fund and Flood Control, the Agency is to pay the County 100% of its share of Tax Increment derived from the annual 2% (or less) inflation adjustment, 50% of the General Fund share in excess of the inflation revenue, and 80% of the Flood Control share in excess of the inflation revenue.

Orange County Water District. In each year, commencing with fiscal year 1985/86, the Agency will pay to the Water District a sum equal to 50% of the Water District share of the tax increment revenues.

Buena Park Library District. The Library District is to receive 100% of its share of Tax Increment derived from the annual inflation adjustment, and 80% of tax increment in excess of the inflation revenue. This obligation is subordinate to bond indebtedness.

Anaheim Union High School District. The Agency pays the District 12% of the District's share of tax increment derived from that portion of the project (approximately 20%) that is attributed to the District.

Fullerton Union High School District. The Agency pays the District 12% of the District's share of tax increment derived from the portion of the project (approximately 80%) that is attributed to the District.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 25% of the Board's share of tax increment from Project Area II.

## **Project Area III**

County of Orange General Fund and Harbors Beaches, and Parks. Pursuant to its agreement with Orange County General Fund and Harbors Beaches and Parks, the Agency is to pay 55% of their combined share (7.07%) share of general levy tax increment.

Orange County Flood Control. The Orange County Flood Control District receives 100% of its share (1.82%) of general levy tax increment.

Orange County Board of Education. The Agency pays annually to the Orange County Board of Education 100% of its share (3.40%) of Tax Increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.

Orange County Vector Control. Pursuant to its agreement with the Orange County Vector Control department, the Agency pays the department annually its share (0.10%) of general levy tax increment.

Orange County Water District. The Water District receives its 50% of its share (0.74%) of the general levy tax increment.

North Orange County Community College District. The Community College District receives 100% of its share (6.41%) of Tax Increment derived from the annual inflation adjustment, and 40% of tax increment in excess of the inflation revenue.

Anaheim Union High School District. For each fiscal year, the Agency pays the District 50% of its stipulated share of tax increment (14.4%) over the entirety of the Project Area.

Fullerton Union High School District. The Agency pays the District 25% of the District's share (20.6%) of tax increment derived from the portion of the project that is attributed to the District. The District's weighted average share of the entire project is 3.57%.



Buena Park School District. The District receives 50% of its share (23.1%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 50% of its weighted average share (4.01%) of tax increment from the entire project area net of the inflationary amount.

Centralia School District. The District receives 100% of its share (33.0%) of Tax Increment derived from the annual inflation adjustment from that portion of the project area that is attributed to the District. The District also receives 23.56% of its weighted average share (28.09%) of tax increment from the entire project area net of the inflationary amount.

Buena Park Library District. The Library District receives 80% of its share (2.79%) of general levy tax increment.

## **Tax Sharing Statutes**

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. A discussion of these provisions as they relate to the Redevelopment Projects individually and to the Project Area as a whole follows. If a project area was created after 1994, or if new territory should be added to the Project Area, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Agency amends or deletes the time limit to incur indebtedness in a project area or increases the total amount of Tax Increment Revenues to be allocated to the project area or increases the duration of the redevelopment plan for a project area and the period for receipt of Tax Increment Revenues, Statutory Tax Sharing will also be required under Section 33607.7 of the Redevelopment Law with all affected taxing agencies not already a party to a tax sharing agreement, once the original limitations have been reached.

In general, the amounts to be paid pursuant to Statutory Tax Sharing are as follows:

- (a) commencing in the first fiscal year after the limitation has been reached, an amount equal to 25% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;
- (b) in addition to amounts payable as described in (a) above, commencing in the 11<sup>th</sup> fiscal year after the limitation has been reached, an amount equal to 21% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 10<sup>th</sup> fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted; and
- (c) in addition to amounts payable as described in (a) and (b) above, commencing in the 31<sup>st</sup> fiscal year after the limitation has been reached, an amount equal to 14% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 30<sup>th</sup> fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.
- (d) The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

- (e) The Agency may subordinate the amount required to be paid to an affected taxing entity to any indebtedness after receiving the consent of the taxing entity.

With respect to a taxing entity that is a party to a tax sharing agreement, tax sharing payments would continue pursuant to the Tax Sharing Agreement after the original limitations in the Redevelopment Plan were passed.

Tax Increment Revenue generated in Project Area IV has been subject to Statutory Tax Sharing since the Agency first received revenue in 2003/04.

The Agency eliminated the January 1, 2004 time limit to incur debt for the Central Business District Redevelopment Project and Amendment Area and Project Area II and payments to certain taxing entities pursuant to Section 33607.7, with the exception of the City, commenced in fiscal year 2004/05 with respect to all such Redevelopment Projects. The Agency also eliminated the June 18, 2010 time limit to incur debt for Project Area III, and payments to certain taxing entities pursuant to Section 33607.7 will commence in fiscal year 2010/11 with respect to Project Area III.

As noted above, with the consent of the Taxing Entity, the payments under the Tax Sharing Statutes may be subordinated to certain Agency obligations. Pursuant to this authority, the City has expressly subordinated its right to receive Statutory Tax Sharing to the Agency's obligations with respect to the Bonds. No other payments to Taxing Entities with respect to Statutory Tax Sharing have been subordinated and the projections of Tax Revenues are reduced by the estimated amounts shown in tables herein.

### **Projected Tax Revenues**

Receipt of projected Tax Revenues in the amounts and at the times projected by the Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The projections of Tax Increment Revenues and the corresponding Tax Revenues from the component areas of the Redevelopment Projects shown on the following table were based on the assumptions shown below. The Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur.

- (a) The 2007/08 secured roll was assumed to increase 2% annually for inflation in future years.
- (b) For the purposes of the projections, it was assumed that no additional assessed value would be added to the tax rolls as a result of new construction.
- (c) The values of unsecured personal property and state assessed utility property and the amount of unitary revenues have been maintained throughout the projections at their 2007/08.
- (d) No pending assessment appeals or Proposition 8 adjustments, if any, are reflected in the projections.
- (e) A tax rate of \$1.00 per \$100 of assessed value applied to the taxable property in the component areas of the Redevelopment Projects was used to determine Tax Increment Revenues.
- (f) Projected Tax Revenues do not reflect delinquencies.
- (g) Projected Tax Revenues include a deduction for administrative costs charged by Orange County.
- (h) Amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund have been deducted.

- (i) Projected Tax Revenues include a deduction for payments due to taxing agencies under Tax Sharing Agreements or applicable Tax Sharing Statutes, to the extent not subordinated to the Bonds.
- (j) Projected Tax Increment Revenues do not include supplemental property tax revenues which may be received by the Agency.

**TABLE NO. 8  
PROJECTED TAX REVENUES  
CONSOLIDATED PROJECT AREA**

Tax Revenues by Redevelopment Project

	<u>Central Business District</u>	<u>CBD Amendment</u>	<u>Project Area II</u>	<u>Project Area III</u>	<u>Project Area IV</u>	<u>Total</u>
2008	\$1,128,500	\$3,482,200	\$2,073,600	\$1,025,750	\$ 7,172,900	\$14,882,950
2009	1,147,200	3,540,500	2,113,300	1,038,000	7,512,000	15,351,000
2010	1,165,800	3,601,100	2,154,700	1,051,250	7,856,600	15,829,450
2011	1,185,000	3,661,900	2,196,400	1,071,600	8,208,700	16,323,600
2012	1,204,100	3,724,600	2,238,700	1,092,450	8,568,900	16,828,750
2013	1,223,900	3,788,700	2,284,500	1,113,950	8,830,800	17,241,850
2014	1,243,400	3,853,000	2,327,800	1,136,100	9,099,600	17,659,900
2015	1,258,000	3,901,500	2,364,500	1,157,750	9,372,300	18,054,050
2016	1,273,100	3,949,800	2,402,500	1,180,150	9,652,600	18,458,150
2017	1,288,700	3,998,800	2,440,800	1,201,950	9,936,600	18,866,850
2018	1,304,100	4,050,400	2,478,200	1,225,500	10,226,900	19,285,100
2019	1,319,000	4,101,700	2,518,100	1,250,800	10,523,700	19,713,300
2020	1,335,500	4,153,700	2,559,000	1,273,500	10,825,500	20,147,200
2021	1,352,500	4,208,200	2,601,000	1,298,850	11,133,200	20,593,750
2022	1,370,000	4,262,400	2,641,500	1,322,700	11,447,700	21,044,300
2023	1,387,100	4,318,000	2,684,000	1,350,050	11,767,800	21,506,950
2024	1,403,800	4,375,100	2,727,500	1,376,050	12,094,500	21,976,950
2025	1,422,000	4,433,800	2,771,400	1,403,450	12,428,400	22,459,050
2026	1,439,900	4,492,900	2,818,300	1,430,600	12,769,300	22,951,000
2027	1,459,100	4,552,600	2,863,200	1,457,250	13,115,300	23,447,450
2028	1,477,000	4,614,400	2,912,400	1,485,300	13,470,000	23,959,100
2029	1,497,100	4,677,700	2,959,400	1,516,750	13,830,400	24,481,350
2030	-	-	3,008,800	1,544,950	14,198,100	18,751,850
2031	-	-	3,059,000	1,573,650	14,573,900	19,206,550
2032	-	-	3,109,000	1,607,500	14,956,800	19,673,300
2033	-	-	3,163,400	1,635,000	15,244,800	20,043,200
2034	-	-	3,084,000	1,666,900	15,538,500	20,289,400
2035	-	-	-	1,700,300	15,838,500	17,538,800

Source: Financial Advisor.

**TABLE NO. 9  
PROJECTED TAX REVENUES  
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT**

	Gross Tax <u>Increment</u>	Housing Set <u>Aside</u>	County Admin <u>Charge</u>	Statutory Tax <u>Sharing</u>	Tax <u>Revenue</u>
2008	\$1,555,000	\$(311,000)	\$ (9,000)	\$(106,500)	\$1,128,500
2009	1,586,000	(317,200)	(9,000)	(112,600)	1,147,200
2010	1,617,000	(323,400)	(9,000)	(118,800)	1,165,800
2011	1,649,000	(329,800)	(9,000)	(125,200)	1,185,000
2012	1,681,000	(336,200)	(9,000)	(131,700)	1,204,100
2013	1,714,000	(342,800)	(9,000)	(138,300)	1,223,900
2014	1,748,000	(349,600)	(10,000)	(145,000)	1,243,400
2015	1,782,000	(356,400)	(10,000)	(157,600)	1,258,000
2016	1,817,000	(363,400)	(10,000)	(170,500)	1,273,100
2017	1,853,000	(370,600)	(10,000)	(183,700)	1,288,700
2018	1,889,000	(377,800)	(10,000)	(197,100)	1,304,100
2019	1,926,000	(385,200)	(11,000)	(210,800)	1,319,000
2020	1,964,000	(392,800)	(11,000)	(224,700)	1,335,500
2021	2,003,000	(400,600)	(11,000)	(238,900)	1,352,500
2022	2,043,000	(408,600)	(11,000)	(253,400)	1,370,000
2023	2,083,000	(416,600)	(11,000)	(268,300)	1,387,100
2024	2,124,000	(424,800)	(12,000)	(283,400)	1,403,800
2025	2,166,000	(433,200)	(12,000)	(298,800)	1,422,000
2026	2,208,000	(441,600)	(12,000)	(314,500)	1,439,900
2027	2,252,000	(450,400)	(12,000)	(330,500)	1,459,100
2028	2,296,000	(459,200)	(13,000)	(346,800)	1,477,000
2029	2,342,000	(468,400)	(13,000)	(363,500)	1,497,100

Source: Financial Advisor.

**TABLE NO. 10  
PROJECTED TAX REVENUES  
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT – AMENDMENT AREA**

	Gross Tax <u>Increment</u>	Housing Set <u>Aside</u>	County Admin <u>Charge</u>	Statutory Tax <u>Sharing</u>	Tax <u>Revenue</u>
2008	\$4,606,000	\$ (921,200)	\$(25,000)	\$ (177,600)	\$3,482,200
2009	4,705,000	(941,000)	(26,000)	(197,500)	3,540,500
2010	4,806,000	(961,200)	(26,000)	(217,700)	3,601,100
2011	4,909,000	(981,800)	(27,000)	(238,300)	3,661,900
2012	5,015,000	(1,003,000)	(28,000)	(259,400)	3,724,600
2013	5,122,000	(1,024,400)	(28,000)	(280,900)	3,788,700
2014	5,231,000	(1,046,200)	(29,000)	(302,800)	3,853,000
2015	5,343,000	(1,068,600)	(29,000)	(343,900)	3,901,500
2016	5,457,000	(1,091,400)	(30,000)	(385,800)	3,949,800
2017	5,573,000	(1,114,600)	(31,000)	(428,600)	3,998,800
2018	5,692,000	(1,138,400)	(31,000)	(472,200)	4,050,400
2019	5,813,000	(1,162,600)	(32,000)	(516,700)	4,101,700
2020	5,936,000	(1,187,200)	(33,000)	(562,100)	4,153,700
2021	6,062,000	(1,212,400)	(33,000)	(608,400)	4,208,200
2022	6,190,000	(1,238,000)	(34,000)	(655,600)	4,262,400
2023	6,321,000	(1,264,200)	(35,000)	(703,800)	4,318,000
2024	6,455,000	(1,291,000)	(36,000)	(752,900)	4,375,100
2025	6,591,000	(1,318,200)	(36,000)	(803,000)	4,433,800
2026	6,730,000	(1,346,000)	(37,000)	(854,100)	4,492,900
2027	6,871,000	(1,374,200)	(38,000)	(906,200)	4,552,600
2028	7,016,000	(1,403,200)	(39,000)	(959,400)	4,614,400
2029	7,163,000	(1,432,600)	(39,000)	(1,013,700)	4,677,700

Source: Financial Advisor.

**TABLE NO. 11  
PROJECTED TAX REVENUES  
PROJECT AREA II**

	Gross Tax Increment	Housing Set Aside	County Admin Charge	Contractual Tax Sharing					High Schools	Statutory Tax Sharing	Tax Revenue
				Orange County	OC Flood	OC Water	OC BOE				
2008	\$3,154,000	\$(630,800)	\$(17,000)	\$(130,000)	\$(60,000)	\$(11,000)	\$(35,000)	\$(74,000)	\$(122,600)	\$2,073,600	
2009	3,228,000	(645,600)	(18,000)	(135,000)	(62,000)	(11,000)	(35,000)	(76,000)	(132,100)	2,113,300	
2010	3,303,000	(660,600)	(18,000)	(139,000)	(64,000)	(11,000)	(36,000)	(78,000)	(141,700)	2,154,700	
2011	3,380,000	(676,000)	(19,000)	(143,000)	(66,000)	(12,000)	(37,000)	(79,000)	(151,600)	2,196,400	
2012	3,458,000	(691,600)	(19,000)	(148,000)	(68,000)	(12,000)	(38,000)	(81,000)	(161,700)	2,238,700	
2013	3,538,000	(707,600)	(19,000)	(152,000)	(69,000)	(12,000)	(39,000)	(83,000)	(171,900)	2,284,500	
2014	3,619,000	(723,800)	(20,000)	(157,000)	(71,000)	(12,000)	(40,000)	(85,000)	(182,400)	2,327,800	
2015	3,702,000	(740,400)	(20,000)	(161,000)	(73,000)	(13,000)	(41,000)	(87,000)	(202,100)	2,364,500	
2016	3,787,000	(757,400)	(21,000)	(166,000)	(75,000)	(13,000)	(41,000)	(89,000)	(222,100)	2,402,500	
2017	3,873,000	(774,600)	(21,000)	(171,000)	(77,000)	(13,000)	(42,000)	(91,000)	(242,600)	2,440,800	
2018	3,962,000	(792,400)	(22,000)	(176,000)	(80,000)	(14,000)	(43,000)	(93,000)	(263,400)	2,478,200	
2019	4,051,000	(810,200)	(22,000)	(181,000)	(82,000)	(14,000)	(44,000)	(95,000)	(284,700)	2,518,100	
2020	4,143,000	(828,600)	(23,000)	(186,000)	(84,000)	(14,000)	(45,000)	(97,000)	(306,400)	2,559,000	
2021	4,237,000	(847,400)	(23,000)	(191,000)	(86,000)	(15,000)	(46,000)	(99,000)	(328,600)	2,601,000	
2022	4,332,000	(866,400)	(24,000)	(197,000)	(88,000)	(15,000)	(47,000)	(102,000)	(351,100)	2,641,500	
2023	4,429,000	(885,800)	(24,000)	(202,000)	(91,000)	(15,000)	(49,000)	(104,000)	(374,200)	2,684,000	
2024	4,529,000	(905,800)	(25,000)	(208,000)	(93,000)	(16,000)	(50,000)	(106,000)	(397,700)	2,727,500	
2025	4,630,000	(926,000)	(25,000)	(214,000)	(96,000)	(16,000)	(51,000)	(109,000)	(421,600)	2,771,400	
2026	4,733,000	(946,600)	(26,000)	(219,000)	(98,000)	(16,000)	(52,000)	(111,000)	(446,100)	2,818,300	
2027	4,839,000	(967,800)	(27,000)	(225,000)	(101,000)	(17,000)	(53,000)	(114,000)	(471,000)	2,863,200	
2028	4,946,000	(989,200)	(27,000)	(231,000)	(103,000)	(17,000)	(54,000)	(116,000)	(496,400)	2,912,400	
2029	5,056,000	(1,011,200)	(28,000)	(238,000)	(106,000)	(17,000)	(55,000)	(119,000)	(522,400)	2,959,400	
2030	5,167,000	(1,033,400)	(28,000)	(244,000)	(108,000)	(18,000)	(57,000)	(121,000)	(548,800)	3,008,800	
2031	5,281,000	(1,056,200)	(29,000)	(250,000)	(111,000)	(18,000)	(58,000)	(124,000)	(575,800)	3,059,000	
2032	5,398,000	(1,079,600)	(30,000)	(257,000)	(114,000)	(19,000)	(59,000)	(127,000)	(603,400)	3,109,000	
2033	5,516,000	(1,103,200)	(30,000)	(263,000)	(117,000)	(19,000)	(60,000)	(129,000)	(631,400)	3,163,400	
2034	5,359,000	(1,071,800)	(29,000)	(262,000)	(115,000)	(18,000)	(59,000)	(126,000)	(594,200)	3,084,000	

Source: Financial Advisor.

**TABLE NO. 12  
PROJECTED TAX REVENUES  
PROJECT AREA III**

	Gross Tax Increment	Housing Set Aside	County Admin Charge	Contractual Tax Sharing									Statutory Tax Sharing	Tax Revenue
				Orange County	OC Flood	OC Water	OC Vector	OC BOE	Buena Park Library	North Orange College	School Districts			
2008	\$2,591,000	\$ (647,750)	\$(14,000)	\$(81,000)	\$(47,000)	\$(10,000)	\$(3,000)	\$(48,000)	\$(59,000)	\$(91,000)	\$(91,000)	\$(522,000)	\$(42,500)	\$1,025,750
2009	2,652,000	(663,000)	(15,000)	(83,000)	(49,000)	(10,000)	(3,000)	(50,000)	(61,000)	(95,000)	(95,000)	(537,000)	(48,000)	1,038,000
2010	2,715,000	(678,750)	(15,000)	(85,000)	(50,000)	(10,000)	(3,000)	(52,000)	(62,000)	(98,000)	(98,000)	(552,000)	(58,000)	1,051,250
2011	2,778,000	(694,500)	(15,000)	(87,000)	(51,000)	(10,000)	(3,000)	(54,000)	(64,000)	(101,000)	(101,000)	(567,000)	(59,900)	1,071,600
2012	2,843,000	(710,750)	(16,000)	(89,000)	(52,000)	(11,000)	(3,000)	(55,000)	(65,000)	(105,000)	(105,000)	(582,000)	(61,800)	1,092,450
2013	2,909,000	(727,250)	(16,000)	(91,000)	(53,000)	(11,000)	(3,000)	(57,000)	(67,000)	(108,000)	(108,000)	(598,000)	(63,800)	1,113,950
2014	2,976,000	(744,000)	(16,000)	(93,000)	(54,000)	(11,000)	(3,000)	(59,000)	(68,000)	(112,000)	(112,000)	(614,000)	(65,900)	1,136,100
2015	3,045,000	(761,250)	(17,000)	(95,000)	(56,000)	(11,000)	(3,000)	(61,000)	(70,000)	(115,000)	(115,000)	(630,000)	(68,000)	1,157,750
2016	3,115,000	(778,750)	(17,000)	(97,000)	(57,000)	(12,000)	(3,000)	(63,000)	(71,000)	(119,000)	(119,000)	(647,000)	(70,100)	1,180,150
2017	3,187,000	(796,750)	(18,000)	(100,000)	(58,000)	(12,000)	(3,000)	(65,000)	(73,000)	(123,000)	(123,000)	(664,000)	(72,300)	1,201,950
2018	3,260,000	(815,000)	(18,000)	(102,000)	(60,000)	(12,000)	(3,000)	(67,000)	(75,000)	(127,000)	(127,000)	(681,000)	(74,500)	1,225,500
2019	3,334,000	(833,500)	(18,000)	(104,000)	(61,000)	(12,000)	(3,000)	(69,000)	(76,000)	(131,000)	(131,000)	(699,000)	(76,700)	1,250,800
2020	3,410,000	(852,500)	(19,000)	(107,000)	(62,000)	(13,000)	(3,000)	(71,000)	(78,000)	(135,000)	(135,000)	(717,000)	(79,000)	1,273,500
2021	3,487,000	(871,750)	(19,000)	(109,000)	(64,000)	(13,000)	(3,000)	(73,000)	(80,000)	(139,000)	(139,000)	(735,000)	(81,400)	1,298,850
2022	3,566,000	(891,500)	(20,000)	(111,000)	(65,000)	(13,000)	(4,000)	(76,000)	(82,000)	(143,000)	(143,000)	(754,000)	(83,800)	1,322,700
2023	3,647,000	(911,750)	(20,000)	(114,000)	(67,000)	(13,000)	(4,000)	(78,000)	(83,000)	(147,000)	(147,000)	(773,000)	(86,200)	1,350,050
2024	3,729,000	(932,250)	(21,000)	(116,000)	(68,000)	(14,000)	(4,000)	(80,000)	(85,000)	(151,000)	(151,000)	(793,000)	(88,700)	1,376,050
2025	3,813,000	(953,250)	(21,000)	(119,000)	(70,000)	(14,000)	(4,000)	(82,000)	(87,000)	(156,000)	(156,000)	(812,000)	(91,300)	1,403,450
2026	3,898,000	(974,500)	(21,000)	(122,000)	(71,000)	(14,000)	(4,000)	(85,000)	(89,000)	(160,000)	(160,000)	(833,000)	(93,900)	1,430,600
2027	3,985,000	(996,250)	(22,000)	(124,000)	(73,000)	(15,000)	(4,000)	(87,000)	(91,000)	(165,000)	(165,000)	(854,000)	(96,500)	1,457,250
2028	4,074,000	(1,018,500)	(22,000)	(127,000)	(75,000)	(15,000)	(4,000)	(90,000)	(93,000)	(170,000)	(170,000)	(875,000)	(99,200)	1,485,300
2029	4,165,000	(1,041,250)	(23,000)	(130,000)	(76,000)	(15,000)	(4,000)	(92,000)	(95,000)	(174,000)	(174,000)	(896,000)	(102,000)	1,516,750
2030	4,257,000	(1,064,250)	(23,000)	(133,000)	(78,000)	(16,000)	(4,000)	(95,000)	(97,000)	(179,000)	(179,000)	(918,000)	(104,800)	1,544,950
2031	4,351,000	(1,087,750)	(24,000)	(136,000)	(80,000)	(16,000)	(4,000)	(97,000)	(100,000)	(184,000)	(184,000)	(941,000)	(107,600)	1,573,650
2032	4,448,000	(1,112,000)	(24,000)	(139,000)	(81,000)	(16,000)	(4,000)	(100,000)	(102,000)	(189,000)	(189,000)	(963,000)	(110,500)	1,607,500
2033	4,546,000	(1,136,500)	(25,000)	(142,000)	(83,000)	(17,000)	(5,000)	(103,000)	(104,000)	(195,000)	(195,000)	(987,000)	(113,500)	1,635,000
2034	4,646,000	(1,161,500)	(26,000)	(145,000)	(85,000)	(17,000)	(5,000)	(106,000)	(106,000)	(200,000)	(200,000)	(1,011,000)	(116,600)	1,666,900
2035	4,748,000	(1,187,000)	(26,000)	(148,000)	(87,000)	(18,000)	(5,000)	(108,000)	(109,000)	(205,000)	(205,000)	(1,035,000)	(119,700)	1,700,300

Source: Financial Advisor.



**TABLE NO. 13  
PROJECTED TAX REVENUES  
PROJECT AREA IV**

	Gross Tax <u>Increment</u>	Housing Set <u>Aside</u>	County Admin <u>Charge</u>	Statutory Tax <u>Sharing</u>	Tax <u>Revenue</u>
2008	\$12,065,000	\$(2,413,000)	\$ (66,000)	\$(2,413,100)	\$ 7,172,900
2009	12,635,000	(2,527,000)	(69,000)	(2,527,000)	7,512,000
2010	13,216,000	(2,643,200)	(73,000)	(2,643,200)	7,856,600
2011	13,808,000	(2,761,600)	(76,000)	(2,761,700)	8,208,700
2012	14,413,000	(2,882,600)	(79,000)	(2,882,500)	8,568,900
2013	15,029,000	(3,005,800)	(83,000)	(3,109,400)	8,830,800
2014	15,658,000	(3,131,600)	(86,000)	(3,340,800)	9,099,600
2015	16,299,000	(3,259,800)	(90,000)	(3,576,900)	9,372,300
2016	16,954,000	(3,390,800)	(93,000)	(3,817,600)	9,652,600
2017	17,621,000	(3,524,200)	(97,000)	(4,063,200)	9,936,600
2018	18,302,000	(3,660,400)	(101,000)	(4,313,700)	10,226,900
2019	18,996,000	(3,799,200)	(104,000)	(4,569,100)	10,523,700
2020	19,704,000	(3,940,800)	(108,000)	(4,829,700)	10,825,500
2021	20,426,000	(4,085,200)	(112,000)	(5,095,600)	11,133,200
2022	21,163,000	(4,232,600)	(116,000)	(5,366,700)	11,447,700
2023	21,915,000	(4,383,000)	(121,000)	(5,643,200)	11,767,800
2024	22,681,000	(4,536,200)	(125,000)	(5,925,300)	12,094,500
2025	23,463,000	(4,692,600)	(129,000)	(6,213,000)	12,428,400
2026	24,261,000	(4,852,200)	(133,000)	(6,506,500)	12,769,300
2027	25,074,000	(5,014,800)	(138,000)	(6,805,900)	13,115,300
2028	25,904,000	(5,180,800)	(142,000)	(7,111,200)	13,470,000
2029	26,750,000	(5,350,000)	(147,000)	(7,422,600)	13,830,400
2030	27,613,000	(5,522,600)	(152,000)	(7,740,300)	14,198,100
2031	28,494,000	(5,698,800)	(157,000)	(8,064,300)	14,573,900
2032	29,392,000	(5,878,400)	(162,000)	(8,394,800)	14,956,800
2033	30,308,000	(6,061,600)	(167,000)	(8,834,600)	15,244,800
2034	31,242,000	(6,248,400)	(172,000)	(9,283,100)	15,538,500
2035	32,195,000	(6,439,000)	(177,000)	(9,740,500)	15,838,500

Source: Financial Advisor.

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**APPENDIX H**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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**FINANCIAL  
SECURITY  
ASSURANCE®**

**MUNICIPAL BOND  
INSURANCE POLICY**

ISSUER:

BONDS:

Policy No.: -N

Effective Date:

Premium: \$

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day, otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment

made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent" for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By \_\_\_\_\_

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.  
31 West 52<sup>nd</sup> Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

1 JONATHAN LEHRER-GRAIWER, State Bar No. 047922  
 LAW OFFICE OF JONATHAN LEHRER-GRAIWER  
 2 4727 WILSHIRE BOULEVARD, SUITE 500  
 LOS ANGELES, CALIFORNIA 90010  
 3 (213) 936-8111  
 4 IVETTE PENA, State Bar No. 152934  
 PLC (Public Law Center)  
 5 600 WEST SANTA ANA BLVD., SUITE 202  
 SANTA ANA, CALIFORNIA 92701  
 6 (714) 541-1010  
 7 Attorneys for Plaintiffs

**FILED**  
 APR 21 1993  
 GARY L. GRANDVILLE, County Clerk  
 DEPUTY

8 SUPERIOR COURT OF CALIFORNIA  
 9 COUNTY OF ORANGE

11 ELLEN COFFMAN-TIKKER AND MARIA LARA, ) CASE NO. 635442 *60*  
 )  
 12 Plaintiffs/Petitioners, )  
 vs. ) JUDGMENT PURSUANT TO  
 13 ) STIPULATION  
 ALL PERSONS INTERESTED IN THE MATTER OF )  
 14 THE VALIDITY OF THE REDEVELOPMENT PLAN )  
 FOR BUENA PARK PROJECT III, as adopted )  
 15 by Ordinance No. 1246 on July 9, 1990, )  
 by the City Council of the City of Buena )  
 16 Park and the validity of all proceedings )  
 taken or made for or in any way connected )  
 17 with the adoption of the Redevelopment )  
 Plan for Buena Park Project III; CITY )  
 18 OF BUENA PARK, a Municipal Corporation; )  
 BUENA PARK REDEVELOPMENT AGENCY, a )  
 19 Redevelopment Agency of the State of )  
 California; and DOES 1 through 20, )  
 20 Inclusive, )  
 )  
 21 Defendants/Respondents. )

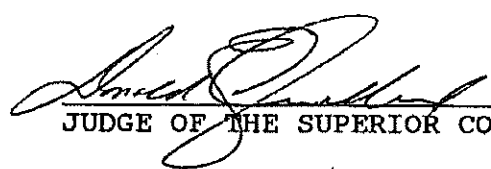
23 Plaintiffs/Petitioners, ELLEN COFFMAN-TIKKER AND MARIA LARA,  
 24 and Defendants/Respondents, CITY OF BUENA PARK and BUENA PARK  
 25 REDEVELOPMENT AGENCY, having stipulated to entry of judgment and  
 26 upon application of Plaintiffs for entry of judgment,

27 IT IS HEREBY ADJUDGED, ORDERED AND DECREED that judgment is  
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hereby entered in conformity with the terms of the Stipulation for Entry of Judgment, filed with this Court on this date, a copy of which is attached to this Judgment. The Court orders Does 1 through 20 dismissed.

DATED: 4/21/93

  
\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT  
DONALD E. SMALLWOOD



1 JONATHAN LEHRER-GRAIWER, State Bar No. 047922  
2 LAW OFFICE OF JONATHAN LEHRER-GRAIWER  
3 4727 WILSHIRE BOULEVARD, SUITE 500  
4 LOS ANGELES, CALIFORNIA 90010  
5 (213) 936-8111

6 IVETTE PENA, State Bar No. 152934  
7 PLC (Public Law Center)  
8 600 WEST SANTA ANA BLVD., SUITE 202  
9 SANTA ANA, CALIFORNIA 92701  
10 (714) 541-1010

11 Attorneys for Plaintiffs

12 SUPERIOR COURT OF CALIFORNIA  
13 COUNTY OF ORANGE

14 ELLEN COFFMAN-TIKKER AND MARIA LARA, ) CASE NO. 635442  
15 )  
16 Plaintiffs/Petitioners, )  
17 vs. ) STIPULATION FOR ENTRY  
18 ) OF JUDGMENT  
19 ALL PERSONS INTERESTED IN THE MATTER OF )  
20 THE VALIDITY OF THE REDEVELOPMENT PLAN )  
21 FOR BUENA PARK PROJECT III, as adopted )  
22 by Ordinance No. 1246 on July 9, 1990, )  
23 by the City Council of the City of Buena )  
24 Park and the validity of all proceedings )  
25 taken or made for or in any way connected )  
26 with the adoption of the Redevelopment )  
27 Plan for Buena Park Project III; CITY )  
28 OF BUENA PARK, a Municipal Corporation; )  
BUENA PARK REDEVELOPMENT AGENCY, a )  
Redevelopment Agency of the State of )  
California; and DOES 1 through 20, )  
Inclusive, )  
Defendants/Respondents. )

IT IS HEREBY STIPULATED by and between plaintiffs/  
petitioners, ELLEN COFFMAN-TIKKER AND MARIA LARA, ("Plaintiffs"),  
and defendants/respondents CITY OF BUENA PARK ("City") and BUENA  
PARK REDEVELOPMENT AGENCY ("Agency") through their respective  
counsel, that judgment in this action be entered on the following  
terms:

1           1.    Low and Moderate Income Housing Fund Set Asides.

2           a.    Not less than the following percentages of all taxes  
3 which are allocated to the Agency pursuant to Health and Safety Code  
4 Section 33670<sup>1</sup> shall be set-aside annually and held in a separate  
5 Low and Moderate Income Housing Fund ("L&M Fund"), except that this  
6 percentage shall be modified to the extent the percentage in Section  
7 33334.2(a) is increased above those percentages and such increase is  
8 made applicable legislatively to any such project area.

9           i.    20% for Project I (Central Bus.), as amended;

10          ii.  20% for Project II, as amended;

11          iii. 25% for Project III, as amended.

12 These percentages shall apply to the gross amount of taxes allocated  
13 to the Agency pursuant to Section 33670, including any monies which  
14 the Agency transfers to other taxing agencies, notwithstanding any  
15 provision of such agreements, except that monies which other taxing  
16 agencies elect to have allocated to them under Section 33676 shall  
17 not be included in the amounts allocated to the Agency.

18          b.    Neither the City nor the Agency shall rely upon or  
19 use, in any way, the amounts of money required to be set-aside in a  
20 L&M Fund as required by this Stipulation for the purpose of making  
21 or supporting any findings under Section 33334.2(a) or any other  
22 section, which would reduce the amounts required to be set aside by  
23 this Stipulation or otherwise required to be set-aside for any other  
24 redevelopment projects the City may adopt in the future.

25          c.    Monies held in a L&M Fund shall be separately  
26

27 \_\_\_\_\_  
28           <sup>1</sup> All statutory references shall be to the Health and Safety  
Code, unless otherwise specified.

1 accounted for in the Agency's annual report and elsewhere in order  
2 to show all revenues to and expenditures from the L&M Fund to the  
3 same extent as reported for other Agency funds.

4       2. Uses of the Low and Moderate Income Housing Fund.

5       The L & M Fund shall be used by the Agency exclusively to  
6 develop, acquire, and/or rehabilitate housing units as provided in  
7 this Stipulation. This shall permit the Agency to exercise the  
8 powers contained in Sections 33334.2, 33334.3 and other statutes for  
9 the use of the L & M Fund, except that in addition to those  
10 provisions any off-site improvements financed with the L & M Fund  
11 must be directly related to a specific housing development which is  
12 financed with the L & M Fund and which will be subject to the terms  
13 and conditions of this Stipulation. The L & M Fund may only be used  
14 to pay for administrative expenses as provided in Section 33334.3,  
15 as amended, for programs financed with the L & M Fund.

16       3. Acquisition of Affordable Housing Units.

17       In meeting the requirements of paragraph 2, the Agency may  
18 acquire existing housing units which are already available at  
19 affordable cost to persons and families of low or moderate income  
20 only if the time for maintaining the affordability of those units is  
21 extended by at least 15 years for rental housing and by at least 10  
22 years for for-sale housing and if the units comply with the  
23 provisions of this Stipulation. However, nothing in this paragraph  
24 shall be construed as limiting in any way the Agency's ability to  
25 acquire existing low- and moderate-income housing, with funds other  
26 than the L & M Fund, for other redevelopment purposes providing such  
27 acquired units are replaced with new units and in conformance with

28

1 Section 33334.3(f)(1) and (2). The provisions of this paragraph  
2 shall not apply to monies derived from taxes allocated to the Agency  
3 in excess of the amounts required to be set-aside and held in the  
4 L&M Fund pursuant to paragraph 1.

5 4. Affordability of Housing Units Developed with the Low and  
6 Moderate Income Housing Fund.

7 The housing units developed, acquired, and/or rehabilitated by  
8 the Agency with the L & M Fund shall be available at affordable  
9 housing cost, or affordable housing rent, to, and, to the extent  
10 feasible, occupied by, the following categories of persons and  
11 families of very low, low or moderate income:

12 a. Not less than 50% of such units shall be for very  
13 low income households. Of these units, at least one-third shall be  
14 affordable to households with 35 percent or less of the median  
15 income, adjusted for family size, for the Santa Ana-Anaheim-Garden  
16 Grove Metropolitan Statistical Area ("SMSA") and the remainder shall  
17 be affordable to households with 45 percent or less of the median  
18 income, adjusted for family size, for the SMSA.

19 b. The remainder of the units shall be for persons and  
20 families of low or moderate income in the same proportion as the  
21 City's share of the regional housing needs for those two income  
22 groups as determined pursuant to Government Code Section 65584. The  
23 units for low income households shall be available at affordable  
24 costs to households with 60 percent or less of the median income,  
25 for rental units, and with 70 percent or less of the median income,  
26 for for-sale units, adjusted for family size, for the SMSA and as  
27 otherwise provided in Health and Safety Code Sections 50052.5 and  
28 50053. The units for persons and families of moderate income shall

1 be affordable to households who cannot afford housing at the market  
2 rate as provided in Health and Safety Code Section 33334.2(e)(8),  
3 and as provided in Health and Safety Code Sections 50052.5 and  
4 50053.

5 5. Credits for Density Bonus Units.

6 a. In complying with the provisions of subparagraph  
7 4.b., the City and Agency shall be entitled to receive a credit for  
8 those housing units developed pursuant to the state and/or City  
9 density bonus programs, which comply with all of the requirements of  
10 this stipulation.

11 b. Within 60 days of the end of any year in which the  
12 City claims credits pursuant to this section, the City shall adopt  
13 a resolution finding that the claimed density bonus units comply  
14 with the provisions of this stipulation and specifying the terms of  
15 the density bonus units which demonstrate compliance with this  
16 Stipulation.

17 6. Term of Affordability for Units Developed with the Low  
18 and Moderate Income Housing Fund.

19 Except as provided in paragraph 3, all housing units  
20 developed, rehabilitated or acquired by the Agency with the monies  
21 required to be set aside in the L & M Fund pursuant to this  
22 Stipulation shall be maintained at affordable housing costs, as  
23 specified in paragraph 4, for the longer of the times provided in  
24 Sections 33334.3 and 33413, as amended, or other provision of law,  
25 but, in the case of rental units, not less than either the life of  
26 the redevelopment projects specified in paragraph 1, or 30 years,  
27 whichever is greater.

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7. Meeting Housing Needs of City by Family Size and Household Type.

a. Housing units developed, rehabilitated or acquired pursuant to this Stipulation shall proportionately meet on a biennial basis the City's housing needs for persons and families of low or moderate income by family size (numbers of bedrooms) and household type (senior/family), as identified in the City's Housing Element which shall comply with the provisions of state law. To the extent that census data is available on the housing needs of large families (5 or more persons) of low or moderate income, the Agency will use its best efforts to develop appropriately sized units to meet those housing needs.

b. As used herein, the term "proportionately" shall mean that the housing units developed, rehabilitated or acquired pursuant to this Stipulation satisfy, within plus or minus 10 percent, the specified needs identified in this paragraph.

8. Occupancy of Housing Units.

Housing units developed pursuant to this Stipulation shall be occupied on a "priority basis" by persons and families of low or moderate income in the proportions specified in paragraph 4 and who have family sizes which correspond to the following range of occupancy:

<u>Unit Type</u>	<u>Number of Occupants</u>
Studio	1-2
One-bedroom	2 or more
Two-bedroom	2-4 or more
Three-bedroom	3-6 or more

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Four-bedroom

5-8 or more

a. A "priority basis" means that vacant units will be held available for households within the proportions of income levels in paragraph 4 and within the range of occupancy in this paragraph for at least 60 days. At the end of such a 60 day period, if units held available for households of any of the particular income categories enumerated in paragraph 4 (special very low, very low, low or moderate income) have not been rented, then during the next 60 days they may be rented to households in the immediately higher income category and if that unit remains vacant after 120 days, it may be rented to households in the immediately next higher income category after that time. Provided at any time during its vacancy a vacant unit will be rented to a household in the original targeted income category who qualifies for such unit prior to its rental to a higher income household.

b. To the extent that vacant units are rented pursuant to subdivision a. to households in higher income categories than the original targeted income category, new vacant units shall be available for rent to households in lower income categories than the prior tenants in order to maintain, as closely as possible, the percentages specified in paragraph 4.

c. The Agency shall require the owner of any housing units developed, rehabilitated or acquired pursuant to paragraph 2, to maintain waiting lists, to offer vacant units to households on the waiting list on a priority basis (assuming such households satisfy other reasonable and non-discriminatory eligibility requirements) and to continually advertise, with the Orange County

1 Housing Authority and any other housing authority with jurisdiction  
2 in the City, the availability of those units. The Agency shall also  
3 require the owner of any such units to notify the following entities  
4 of any units required to be available to very low and lower income  
5 households which remain vacant for more than 30 days. Those  
6 entities and their current addresses are:

- 7 i. Buena Park Redevelopment Agency  
8 6650 Beach Blvd.  
9 Buena Park, CA 90622
- 10 ii. Orange County Housing Authority  
11 2043 N. Broadway  
12 Santa Ana, CA 92796,  
13 and any other housing  
14 authority with jurisdiction in  
15 the City.
- 16 iii. Fair Housing Council of Orange County  
17 1440 E. First St., Ste. 406  
18 Santa Ana, CA 92701
- 19 iv. Orange County Community Housing Corporation  
20 1833 E. 17th Street, Ste. 207  
21 Santa Ana, CA 92701
- 22 v. Hermandad Mexicana Nacional  
23 828 N. Bristol  
24 Santa Ana, CA 92703
- 25 vi. Orange County Homeless Issues Task Force  
26 18012 Mitchell Ave.  
27 Irvine, CA 92714

28 9. Good Cause Eviction.

The units developed or assisted by the Agency shall be subject  
to good cause eviction procedures in accordance with Title 24 of the  
Code of Federal Regulations, Part 247, as amended.

10. Occupancy of Affordable Units and Maintaining Their  
Affordability.

a. The Agency shall insure, through written agreements  
with owners of housing developed, rehabilitated or acquired pursuant



1 to this Stipulation, that such housing units are initially occupied  
2 and continue to be occupied by households and families within the  
3 income categories specified in paragraph 4. To the extent that the  
4 income of any qualified household of a housing unit subject to this  
5 Stipulation increases after initial occupancy so that the household  
6 no longer qualifies to rent that unit at the initial rental rate,  
7 the written agreements shall provide for an increase in the rental  
8 rate to that household up to its new affordable rent, but no greater  
9 than the fair market rent. This Stipulation does not require the  
10 Agency to displace or require the displacement of households who  
11 initially qualified to rent or purchase units subject to this  
12 Stipulation, on the basis of a subsequent increase in their income.

13           b. The Agency shall also insure, through written  
14 agreements with owners of housing developed, rehabilitated and  
15 acquired pursuant to this Stipulation, and through either its own  
16 monitoring or through a monitoring agreement with the Fair Housing  
17 Council of Orange County or similar community based non-profit  
18 organization, that such units are adequately maintained during the  
19 time they are required to remain available at affordable cost under  
20 paragraph 6.

21           c. The Agency shall publish the results of its  
22 monitoring pursuant to this paragraph on an annual basis by the date  
23 that the Agency's annual report is due under Section 33080.

24           **11. Priority for Affordable Housing.**

25           Plaintiffs and any persons displaced from Redevelopment  
26 Project shall receive a first priority to purchase or rent any  
27 appropriately sized, affordable unit developed pursuant to this  
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1 Stipulation, including any self-help housing. In order to exercise  
2 their rights under this paragraph, either Plaintiff shall notify the  
3 Agency in writing of the size, type and affordability level of  
4 housing unit they need. The Agency shall then notify Plaintiffs of  
5 any appropriately sized, affordable unit developed pursuant to this  
6 Stipulation, as soon as it becomes available. Either Plaintiff may  
7 exercise her rights under this Stipulation until she occupies a unit  
8 developed pursuant to this Stipulation.

9 12. Regulatory Agreements.

10 a. The Agency shall enter into a written regulatory  
11 agreement with each owner of housing developed, rehabilitated or  
12 acquired pursuant to this Stipulation. Such written regulatory  
13 agreement shall contain covenants and restrictions running with the  
14 land which implement the requirements of paragraphs 3, 4, 6, 7, 8,  
15 9, 10 and 11 of this Stipulation and the requirements of Health and  
16 Safety Code Section 33334.3(e), as amended. The covenants and  
17 restrictions shall be enforceable by the Agency and the City, or  
18 Plaintiffs; provided that prior to the commencement of any action to  
19 enforce such covenants or restrictions, Plaintiffs shall have given  
20 not less than 60 days prior written notice to the Agency and the  
21 City of their intent to so commence and of the alleged breach of  
22 covenant or restriction. The Agency shall require the recording of  
23 such written regulatory agreement in the office of the county  
24 recorder in accordance with Government Code Section 27281.5. Such  
25 written regulatory agreements shall comply with all of the  
26 requirements of Civil Code Section 1468, as amended, and even if not  
27 required shall identify a parcel or parcels owned by the City as the

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1 parcel to be benefitted by the covenants and restrictions running  
2 with the land.

3           b. If commercially feasible, the regulatory agreement  
4 shall provide for a power of termination or other similar property  
5 interest in housing projects the Agency finances or otherwise  
6 assists under this Stipulation. The regulatory agreement shall also  
7 provide that, notwithstanding the power of termination, a breach of  
8 the regulatory agreement's covenants, conditions and restrictions,  
9 and the Agency's exercise of the power of termination, shall not  
10 defeat or render invalid the lien of any mortgage or deed of trust  
11 made in good faith and for value as to such property or any part  
12 thereof; but such covenants, conditions, and restrictions, including  
13 such power of termination, shall be binding upon and effective  
14 against any owner of said property whose title is acquired by  
15 foreclosure, trustee's sale, or otherwise.

16           13. Implementation Plan.

17           a. The Agency shall adopt 5-year implementation plans,  
18 commencing six (6) months from the entry of Judgment pursuant to  
19 this Stipulation, and at least every five years thereafter, for the  
20 expenditure of its Low and Moderate Income Housing Fund. The plan  
21 shall contain the same information specified for the plan provided  
22 in Section 33334.10 and the Agency's plan for complying with  
23 paragraphs 4 and 6 hereof.

24           b. The Agency shall revise the 5-year implementation  
25 plan provided for in this paragraph, within six months following the  
26 close of any fiscal year in which the Agency's Low and Moderate  
27 Income Housing Fund has accumulated \$500,000 or more.

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1 c. If, within five years after adopting an  
2 implementation plan as provided in this paragraph, the Agency is not  
3 in compliance with the requirements of paragraphs 4 or 6, the Agency  
4 shall include in its next 5-year implementation plan a program to  
5 bring itself into compliance with paragraphs 4 and 6 within two  
6 years. Until such compliance has been achieved, the Agency shall  
7 assist only developments which individually meet the provisions of  
8 paragraphs 4 and 6 and which increase the Agency's compliance with  
9 the requirements of those paragraphs.

10 14. California Constitution Article 34.

11 If any of the provisions of this Stipulation requires the  
12 Agency to develop housing which would be subject to Article 34 of  
13 the California Constitution, the percentage of units in a housing  
14 development available at affordable housing costs to very low and/or  
15 low income households can be limited to the percentage which would  
16 not cause such housing to be subject to Article 34 under the  
17 circumstances in subparagraphs a. b. and c., below; provided that as  
18 long as Article 34 applies to both very low and low income rental  
19 units, any reduction shall be in the same proportion as the  
20 percentage of units required to be available at affordable housing  
21 costs to very low and low income households, respectively, under the  
22 provisions of paragraph 4. The provisions of this paragraph shall  
23 apply only if all of the following conditions are met:

24 a. The proposed housing project is not excluded from  
25 the application of Article 34 under Health and Safety Code Section  
26 37000 et seq., or other applicable laws, and cannot be so excluded  
27 by redesigning, reconfiguring or restructuring the project.

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1           b. Neither the City nor the Agency has Article 34  
2 authority which is applicable to the proposed housing project.

3           c. Either the City or the Agency held an unsuccessful  
4 Article 34 referendum election within the prior four years, which  
5 would have been applicable to the proposed housing project.

6           15. Provision of Public Records to Plaintiffs.

7           a. Upon written request by Plaintiffs, personally or  
8 through their counsel, the Agency shall expeditiously send to  
9 counsel for Plaintiffs, any public records regarding the  
10 implementation of this Stipulation, including a copy of the report  
11 required by Health and Safety Code Section 33080.1(c) and the data  
12 required to be obtained under Health and Safety Code Section 33418,  
13 as soon as such public records are available.

14           b. Requests by Plaintiffs pursuant to this paragraph  
15 shall be subject to the provisions of the Public Records Act  
16 (Government Code Section 6250 et seq.), except that Plaintiffs shall  
17 not be charged for the documents sent to them under paragraph 15.c.,  
18 or for: one copy of the five year implementation plan provided for  
19 in paragraph 13, the annual monitoring report required under  
20 paragraph 10 any annual resolution adopted pursuant to paragraph 5  
21 and one annual copy of the report required by Health and Safety Code  
22 Section 33080.1(c).

23           c. For ten years from the entry of judgment pursuant to  
24 this Stipulation, the Agency shall send to Jonathan Lehrer-Graiwier  
25 and the Public Law Center, by first-class mail, the following  
26 documents:

27           i. Copies of the portion of agenda packets dealing  
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1 with proposals for the Agency's assistance of housing pursuant to  
2 this Stipulation;

3 ii. The implementation plans adopted pursuant to  
4 paragraph 13;

5 iii. Any annual resolutions adopted pursuant to  
6 paragraph 5.

7 16. General Plan Amendments to Assure Development of  
8 Affordable Housing.

9 Within nine months of the entry of judgment pursuant to this  
10 Stipulation, the City shall amend its Housing and Land Use Elements  
11 of its General Plan to accomplish the following, to the extent not  
12 already contained in those elements:

13 a. Designate sufficient sites which permit the  
14 development of multi-family housing at appropriate densities and  
15 development standards for the City to meet its SCAG identified  
16 housing needs for very low (212 du's), low (284 du's) and moderate  
17 (328 du's) income housing;

18 b. Adopt programs which assure that the designated  
19 sites will be developed with a reasonable percentage of housing  
20 units affordable to very low, low and moderate income households,  
21 with the presumption that very low and low income units will be  
22 rental.

23 c. If at the time of entry of judgment pursuant to this  
24 Stipulation the City believes that it is in compliance with this  
25 paragraph, it may adopt a resolution finding such compliance and  
26 listing the provisions of its Housing and Land Use Elements upon  
27 which it bases its finding.

28 d. During the life of the above cited redevelopment

1 projects, and at the time of adopting subsequent periodic amendments  
2 to its Housing Element as required by Government Code Section  
3 65588(b), the City shall designate, to the extent legally  
4 permissible, sufficient sites which permit the development of multi-  
5 family housing at appropriate densities for the City to meet its  
6 SCAG identified housing needs for very low, low and moderate income  
7 housing. The City shall also adopt programs which comply with the  
8 requirement of paragraph 16.b.

9 17. Zoning Ordinance Amendments for Consistency with General  
10 Plan.

11 The City shall amend its zoning ordinance to bring it into  
12 compliance with General Plan changes it adopts pursuant to paragraph  
13 16.

14 18. Best Efforts to Implement Stipulation.

15 The City shall use its best efforts to effectuate and  
16 accomplish the purposes of this Stipulation and any amendments  
17 adopted pursuant to paragraphs 16 and 17.

18 19. Cooperation by Plaintiffs in Implementation of  
19 Stipulation.

20 Plaintiffs shall cooperate with the Agency and City in an  
21 effort to effectuate and accomplish the purposes of this  
22 Stipulation. To that end Plaintiffs shall consider in good faith  
23 any requests by the Agency or City for the modification of any  
24 requirements of this Stipulation which render those purposes  
25 unfeasible.

26 20. Enforcement of Stipulation and Judgment.

27 This Court shall maintain continuing jurisdiction in this case  
28 during the life of the Redevelopment Project for the purpose of

1 enforcing its provisions. Thereafter, enforcement of the Judgment  
2 shall be pursued by filing of a new legal action. If Plaintiffs  
3 bring a motion or legal action to enforce, construe, or interpret  
4 the terms of the Judgment entered pursuant to this Stipulation for  
5 Entry of Judgment, they shall be entitled, as prevailing party, to  
6 all costs and expenses incurred in any such action including court  
7 costs and reasonable attorney's fees, in addition to any other  
8 relief to which they may be entitled. Upon a noticed motion, the  
9 Court may award attorneys' fees to counsel for Plaintiffs for any  
10 reasonable time spent in enforcing the provisions of the Judgment  
11 entered herein.

12           21. Third Party Beneficiary.

13           For the purpose of enforcing the terms of this Stipulation,  
14 "Plaintiffs" shall include low or very low income households who  
15 would qualify for the housing to be developed pursuant to this  
16 Stipulation.

17           22. Scope of Stipulation.

18           The parties to this action specifically have decided not to  
19 resolve the validity of the City's Housing Element in regard to the  
20 General Plan, which is raised in the seventh cause of action in this  
21 case. The parties agree that the issue of the validity of the  
22 City's General Plan is not adjudicated by this action and that the  
23 Judgment in this case shall not preclude any person from challenging  
24 the validity of the City's General Plan as permitted by law for any  
25 purpose, except as a means of challenging the validity of the  
26 Redevelopment Plan.

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**23. Attorneys' Fees and Costs.**

The City and/or Agency agree to pay Jonathan Lehrer-Graiwer and the PLC (Public Law Center) \$35,000 as attorneys' fees and costs in filing, prosecuting, and settling this action.

The attorneys' fees and costs shall be paid within thirty (30) days of entry of judgment in this action. With the exception of such payment of attorneys' fees and costs, Plaintiffs and the City and Agency shall bear their own costs, attorneys' fees and expenses incurred in connection with these actions.

**24. Applicable Law.**

The laws of the State of California shall govern this Stipulation for Entry of Judgment in all respects, including, but not limited to, matters of construction, validity, enforcement and interpretation.

**25. Caption and Interpretation of Stipulation.**

Paragraph titles are inserted as a matter of convenience and for references, and in no way limit the meaning of this Stipulation. This Stipulation shall not be interpreted against either party on the basis of the authorship of any particular provision. This Stipulation shall be deemed mutually drafted by the parties.

**26. Definitions.**

a. The definitions contained in Health and Safety Code Sections 50052.5, 50079.5, 50093 and 50105 as they currently exist, shall apply to this Stipulation for Entry of Judgment, except as modified herein, and the term "affordable cost" shall include "affordable rent."

b. The terms "develop, rehabilitate or acquire," either

1 individually or conjunctively, include actions by the Agency which  
2 cause or assist another entity to develop, rehabilitate or  
3 acquire.

4 27. Form of Settlement.

5 The settlement shall be in the form of a Stipulation for Entry  
6 of Judgment.

7 28. Recordation of Judgment.

8 The Judgment entered pursuant to this Stipulation shall be  
9 recorded in the records of the Orange County Recorder.

10 29. Notice.

11 All notices and documents to be delivered pursuant to the  
12 terms of this Stipulation for Entry of Judgment shall be in writing  
13 and shall be delivered either in person or by U.S. mail or some  
14 other delivery service, verifying delivery of the document to the  
15 address listed below for the respective parties.

16 If to counsel for Plaintiffs:

17 Law Office of Jonathan Lehrer-Graiwier  
18 Jonathan Lehrer-Graiwier  
19 4727 Wilshire Blvd. Suite 500  
20 Los Angeles, California 90010

21 PLC (Public Law Center)  
22 Ronna Reed, Esq.  
23 600 West Santa Ana Blvd., Suite 202  
24 Santa Ana, California 92701

25 If to the City:

26 Markman, Arczynski, Hanson & King  
27 James L. Markman, Esq.  
28 P.O. Box 1059  
Number One Civic Center Circle  
Brea, California 92622-1059

If to the Agency:

Markman, Arczynski, Hanson & King  
James L. Markman, Esq.

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P.O. Box 1059  
Number One Civic Center Circle  
Brea, California 92622-1059

Any of the foregoing addresses may be changed by written notice in accordance with this paragraph.

If notice is given it shall be deemed effective upon the date of actual receipt as evidence by personal acknowledgement, return receipt or other comparable means.

30. Counterparts.

This Stipulation for Entry of Judgment may be signed in counterparts, each of which executed counterpart shall be deemed an original irrespective of the date of execution.

Dated: 3-22-93, 1993 Ellen N. Coffman Tikker  
ELLEN COFFMAN-TIKKER

Dated: 3-22-93, 1993 Maria Lara  
MARIA LARA

Dated: 3-30-93, 1993 Jonathan Lehrer-Graber  
BY: JONATHAN LEHRER-GRABER  
Attorney for Plaintiffs

Dated: 3-23-93, 1993 PUBLIC LAW CENTER  
By: Ivette Peña  
IVETTE PENA  
Attorney for Plaintiffs

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Dated: April 5, 1993 CITY OF BUENA PARK

By: Arthur C. Rosen  
Mayor of the City of Buena Park

ATTEST:

Allene M. Cain  
City Clerk of the City of Buena Park

Dated: April 5, 1993 BUENA PARK REDEVELOPMENT AGENCY

By: Arthur C. Rosen  
Chairman of the Buena Park Redevelopment Agency

ATTEST:

Allene M. Cain  
Secretary, Buena Park Redevelopment Agency

Dated: April 5, 1993 By: James L. Markman  
JAMES L. MARKMAN  
Attorney for City of Buena Park & Buena Park Redevelopment Agency

**REIMBURSEMENT FOR PUBLIC IMPROVEMENTS AND  
PLEDGE AGREEMENT**

THIS REIMBURSEMENT FOR PUBLIC IMPROVEMENTS AND PLEDGE AGREEMENT (the "**Agreement**") is entered into by the Community Redevelopment Agency of the City of Buena Park (the "**Agency**") and Sunrise Buena Park, L.P., a Delaware limited partnership ("**Sunrise**").

**R E C I T A L S :**

A. The Agency is a public body, corporate and politic created and authorized to transact business pursuant to Part I of Division 24 of the California Health and Safety Code (the "**Community Redevelopment Law**").

B. In furtherance of the objectives of the Community Redevelopment Law, the Agency is undertaking a program for the restoration, development and rehabilitation of blighted areas in the City of Buena Park ("**City**") and is engaged in carrying out a redevelopment project for its Redevelopment Project Area III (hereinafter called "**Project**") pursuant to the redevelopment plan (the "**Redevelopment Plan**") for the Project.

C. Section 355 of the Redevelopment Plan authorizes the Agency to pay for, develop or construct any buildings, facilities, structures or other improvements, either within or outside the area covered by the Redevelopment Plan (the "**Project Area**"), for itself or for any public body or entity, if a determination is made that such improvements would be a benefit to the Project Area and if no other reasonable means of financing such construction is available to the community. Pursuant to Section 355 of the Redevelopment Plan, the Agency is specifically authorized to pay for, install, or construct public facilities, and may acquire or pay for land required including, but not limited to: streets, gutters, sidewalks, landscaping, open space, community facilities, storm drains and flood control facilities, utilities, street lighting, public buildings and parking facilities, street furniture, street right-of-way, and site improvements for new development including foundations and parking structures.

D. The City of Buena Park Community Facilities District No. 2001-1 (Buena Park Mall) (the "**District**") is a community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Government Code Section 53311, et seq.) (the "**CFD Act**"). The City, as the legislative body of the CFD, has adopted that certain Resolution of The City Council of the City of Buena Park, California, of Formation of Community Facilities District (the "**Resolution of Formation**") to finance the costs of certain public facilities, more particularly described in the Resolution of Formation (the "**Public Facilities**"). The boundaries of the District include certain property owned by Sunrise.

E. The Agency is authorized by the Community Redevelopment Law, Section 33445 as follows:

"(a) Notwithstanding Section 33440, an agency may, with the consent of the legislative body, pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or without the project area, if the legislative body determines all of the following:

(1) That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located, regardless of whether the improvement is within another project area, or in the case of a project area in which substantially all of the land is publicly owned that the improvement is of benefit to an adjacent project area of the agency.

(2) That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.

(3) That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the project area or provide housing for low- or moderate-income persons, and is consistent with the implementation plan adopted pursuant to Section 33490.

...

(c) When the value of the land or the cost of the installation and construction of the buildings, facilities, structures, or other improvement, or both, has been, or will be, paid or provided for initially by the community or other public corporation, the agency may enter into a contract with the community or other public corporation under which it agrees to reimburse the community or other public corporation for all or part of the value of the land or all or part of the cost of the buildings, facilities, structures, or other improvement, or both, by periodic payments over a period of years.

(d) The obligation of the agency under the contract shall constitute an indebtedness of the agency for the purpose of carrying out the redevelopment project for the project area, which indebtedness may be made payable out of taxes levied in the project area and allocated to the agency under subdivision (b) of Section 33670, or out of any other available funds."

F. Pursuant to California Health and Safety Code Section 33391, the Agency has the authority to purchase any real or personal property or any interest in property. The Agency has determined that it would benefit the Project Area to acquire a covenant from Sunrise to restrict the uses of the property governed by a Robinsons-May Ground Lease, if any, to the uses specified in the Covenant, as hereinafter defined.

G. Concurrently herewith, Sunrise is undertaking the redevelopment of a portion of the Buena Park Mall consisting of the demolition of the J.C. Penney's building and 10,000-20,000 square feet of existing mall space, and is undertaking the construction of a multi-plex

theater consisting of approximately 91,000 square feet and the addition of approximately 20,000 square feet of restaurant and retail space (collectively, the "**Entertainment Complex**").

H. Sunrise has executed that certain Letter of Intent with The May Department Stores Company ("**May**") by which Sunrise and May have agreed to negotiate the terms of a ground lease with respect to a portion of the Buena Park Mall (the "**Robinsons-May Ground Lease**"). Pursuant to the Robinsons-May Ground Lease, if executed, May and/or one or more of its affiliates would lease from Sunrise a portion of the Buena Park Mall for the construction of a Robinsons-May two (2) story store containing approximately 140,000 square feet, with related improvements (the "**Robinsons-May Store**").

I. The construction of the Robinsons-May Store, The Entertainment Complex and the construction of the Public Facilities shall be undertaken pursuant to separate construction contracts. The construction of the Public Facilities shall be administered pursuant to the Funding and Acquisition Agreement. The Entertainment Complex and Sunrise's development obligations with respect to the Robinsons-May Ground Lease shall be paid for solely through equity and debt financing provided by Sunrise and shall not be financed, in whole or in part, by the Agency or by any portion of the Bonds issued by the District.

NOW, THEREFORE, for and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agency hereby agrees as follows:

#### A G R E E M E N T :

1. Definitions. For purposes of this Agreement:

"**Agency Note**" is defined in Paragraph 10 hereof.

"**Agreement**" means this Reimbursement for Public Improvements and Pledge Agreement.

"**Base Year Sales Taxes**" shall mean total sales tax revenues generated from the Site for fiscal year 1997-1998, except for sales tax revenues generated from the Sears Store and the Penney's Store for the fiscal year 1997-1998. Such amount is equal to \$230,378.

"**Bonds**" shall mean the City of Buena Park Community Facilities District No. 2001-1 (Buena Park Mall) Special Tax Bonds, Series 2002 and any bonds issued in connection with the refunding of such bonds .

"**CFD Act**" shall mean the Mello-Roos Community Facilities Act of 1982, as amended (Government Code Section 53311 et seq.).

"**City**" shall mean the City of Buena Park.

"**Community Redevelopment Law**" is defined in Recital A. above.

"**Covenant**" is defined in Paragraph 2(b) hereof.

"**District**" is defined in Recital D. above.

"**Entertainment Complex**" is defined in Recital G. above.

"**Excess Pledged Amounts**" is defined in Paragraph 5(b) hereof.

"**Fedco Parcel**" (Assessor's Parcel No. 070-511-08) shall mean that certain real property and improvements now existing or hereafter constructed or installed within the portion of the Site, as more particularly described on **Exhibit "A-2"** attached hereto.

"**Fiscal Agent**" shall mean Union Bank, N.A., or any successor pursuant to the terms of the Fiscal Agent Agreement.

"**Fiscal Agent Agreement**" shall mean that certain Fiscal Agent Agreement by and between the City and the Fiscal Agent providing for the issuance of the Bonds.

"**Force Majeure Delays**" shall mean any delay resulting from, or caused by strikes, lockouts or other labor disturbances, civil disturbances, acts of the public enemy, terrorism, war, riot, sabotage, blockade, embargo, delay in securing or inability to secure materials, supplies or labor, or by reason of any regulation or order of any governmental or regulatory body, delays in securing building permits and approvals, delays occasioned by breaches or default by third parties, delays due to lightning, earthquake, fire, weather conditions which prevent or materially interfere with construction, and any other causes beyond the reasonable control of the party from whom the performance is required.

"**Funding and Acquisition Agreement**" shall mean that certain Funding and Acquisition Agreement entered into by and between the City and Sunrise, governing the terms and conditions on which the Public Facilities shall be constructed by Sunrise and acquired by the City.

"**May**" is defined in Recital H above.

"**Minimum Net Proceeds**" is defined in Paragraph 9(a) hereof.

"**Opens**", for purposes of the Robinsons-May Store, shall mean the date on which the Robinsons-May Store opens to the general public for the sale of retail goods.

"**Penney's Store**" shall mean that certain building and parcel of real property located within the Site formerly occupied by JC Penney.

"**Pledged Amounts**" shall mean the sums identified in Paragraph 2 hereof.

"**Public Facilities**" is defined in Recital D. above. The Public Facilities shall be acquired with proceeds from the Bonds upon completion, pursuant to the terms of the Funding and Acquisition Agreement. Alternatively, the Public Improvements shall be acquired by the Agency pursuant to the terms of Paragraph 9 hereof.



"**Redevelopment Plan**" is defined in Recital B. above.

"**Reimbursement Amount**" is defined in Paragraph 7 hereof.

"**Resolution of Formation**" is defined in Recital D above.

"**Robinsons-May Ground Lease**" is defined in Recital H. above.

"**Robinsons-May Store**" is defined in Recital H. above.

"**Sears Store**" (Assessor's Parcel No. 070-511-01) shall mean that certain Sears retail store located on the Site and more particularly shown on **Exhibit "A-3"** attached hereto.

"**Shortfall**" shall mean any special taxes levied by the District and paid by Sunrise in the event that the Pledged Amounts deposited in the Special Tax Fund by the Agency are insufficient in any Bond Year (as defined in the Fiscal Agent Agreement) to pay any portion of the Annual Debt Service (as defined in the Fiscal Agent Agreement) owed by the District with respect to the Bonds.

The "**Site**" shall mean all property and improvements (including all taxable fixtures) now existing or hereafter constructed or installed within the area defined as the Site, all as shown on **Exhibit "A-1"** attached hereto.

"**Special Tax Fund**" shall mean that certain "Special Tax Fund" established pursuant to the Fiscal Agent Agreement.

## 2. Agency Covenants.

(a) Pledge. Subject to the Agency's obligation to fund a Shortfall to Sunrise pursuant to Paragraph 7 hereof, the Agency hereby pledges and agrees to promptly deliver to the Fiscal Agent for deposit in the Special Tax Fund the sum of the following in accordance with the terms of this Agreement (collectively, the "**Pledged Amounts**"):

(i) Tax Increment - one hundred percent (100%) of all tax increment received by the Agency pursuant to Section 33670(b) of the Redevelopment Law and generated from the Site from and after the date of the Agreement, except for the tax increment generated solely from the Fedco Parcel. Said tax increment shall be pledged for so long as the Bonds are "Outstanding" (as such term is defined in the Fiscal Agent Agreement).

(ii) Sales Taxes - an amount equal to fifty percent (50%) of the excess of all sales tax revenues generated from the Site and received by the City from and after the date of the Agreement (excluding sales tax revenues generated from the operation of the "Sears Store" and the "**Fedco Parcel**") over the Base Year Sales Taxes. Such amount shall be pledged for so long as the Bonds are "Outstanding" (as such term is defined in the Fiscal Agent Agreement). It is hereby agreed that the amount pledged by the Agency pursuant to this Subparagraph 2(a)(ii) consists of an amount measured the sales tax revenues described in this Subparagraph and does not consist of a direct pledge of such sales tax revenues. Notwithstanding the foregoing, the Agency hereby agrees that from and after the execution of the Robinsons-May Ground Lease by

Sunrise and May, if any, Agency's pledge to the District shall be an amount equal to sixty percent (60%) of the excess of all sales tax revenues generated from the Site (excluding sales tax revenues generated from the operation of the Sears Store and the Fedco Parcel) over the Base Year Sales Taxes for a period of five (5) years, such five (5) year period to commence on the date on which the Robinsons-May Store "Opens". The Agency's pledge of the Pledged Amounts is subject to any binding, non-appealable judicial judgment and/or administrative order which precludes Agency from retaining the Pledged Amounts, including, without limitation, a final, non-appealable judgment based on the provisions of Health and Safety Code Section 33426.7. The Agency hereby agrees to vigorously defend any and all actions and/or administrative proceedings instituted to preclude the Agency from receiving and/or retaining the Pledged Amounts.

(b) Consideration For The Covenant. Within five (5) days following the date on which the Robinsons-May Store "Opens", the Agency shall deliver to Sunrise the sum of One Million Five Hundred Thousand Dollars (\$1,500,000.00) in consideration for the Covenant. Concurrently with the payment of such sum to Sunrise, Sunrise shall cause to be executed, acknowledged and delivered to the Agency for recordation in the Official Records of Orange County, California that certain Declaration of Restriction Affecting Land in the form attached hereto as Exhibit "B" (the "Covenant").

3. Representations of Agency. The Agency hereby represents and warrants that the Agency has made such findings, held such hearings and undertaken such actions as necessary under the Community Redevelopment Law and specifically Section 33445 and Section 33391 of the Community Redevelopment Law to authorize the Agency's obligations under this Agreement.

4. Grant of Security Interest in Pledged Amounts. Subject to the Agency's obligation to fund a Shortfall in favor of Sunrise, the Agency hereby pledges, assigns, transfers and grants to the District, a continuing security interest in the Pledged Amounts. The Agency agrees to execute any UCC-1 Financing Statement and/or any other documents reasonably requested by the Fiscal Agent in order for the District to evidence or perfect its security interest in the Pledged Amounts.

5. Delivery of Pledged Amounts. Subject to the Agency's obligation to fund a Shortfall in favor of Sunrise pursuant to Paragraph 7 hereof, the Agency shall promptly deliver the Pledged Amounts to the Fiscal Agent for deposit in the Special Tax Fund for disposition in accordance with the terms and provisions of the Fiscal Agent Agreement.

6. Annual Reporting. Agency shall prepare (or shall cause to be prepared by an outside consultant) and shall submit annually to Sunrise on September 30th a detailed accounting of all information used to calculate the Pledged Amounts for the preceding 12-month period. Sunrise may conduct an audit at its expense with respect to the Agency's payment of all Pledged Amounts. The Agency agrees to make the Agency's books, records and accounts relating to the Pledged Amounts available to Sunrise, and to cause the City to make the City's books, records and accounts relating to the Pledged Amounts available to Sunrise for the purpose of verifying the foregoing.

7. Shortfall. The Agency shall reimburse Sunrise for any Shortfall in the manner hereafter provided. In the event that there is then on deposit in the Special Tax Fund a sum which is sufficient to satisfy the debt service on the Bonds for the then current Fiscal Year, then the Agency shall promptly pay to Sunrise any and all Pledged Amounts until the Agency has repaid to Sunrise any and all Shortfall, with interest on the outstanding Shortfall, at the rate of eight percent (8%) per annum. Notwithstanding the foregoing, the Agency shall not be responsible to repay Sunrise any Shortfall that is outstanding as of the date that the Bonds are no longer Outstanding.

8. Deleted.

9. Failure of City to Sell Bonds.

(a) Reimbursement For Public Facilities. In the event that the City fails or is unable to form the District and/or to issue the Bonds with net proceeds of not less than Five Million Three Hundred Fifty Thousand Dollars (\$5,350,000) to pay for the Public Facilities (the "**Minimum Net Proceeds**"), the Agency shall, subject to Sunrise's completion of the Public Facilities, reimburse Sunrise the difference between the Minimum Net Proceeds and the actual net proceeds derived from the sale of the Bonds for the payment of the Public Facilities (the "**Reimbursement Amount**"). Notwithstanding the foregoing, in the event that Sunrise enters into the Robinsons-May Ground Lease before the issuance of Bonds, the Minimum Net Proceeds shall be increased to the sum of Six Million Nine Hundred Thousand Dollars (\$6,900,000.00).

(b) Form of Reimbursement. The obligation of the Agency to reimburse Sunrise the Reimbursement Amount pursuant to Paragraph 9 shall be subject to Sunrise's providing the Agency with reasonable evidence that the Public Facilities have been completed on a lien-free basis, substantially in accordance with the approved plans therefor (subject to reasonable change orders). The Agency shall reimburse Sunrise the cost to complete the Public Facilities (*i.e.*, all out-of-pocket costs attributable to the planning, designing, permitting, financing and construction of the Public Facilities) and the value of the land included therewith within ten (10) days of Sunrise's delivery to the Agency of the evidence of Sunrise's lien-free completion of the Public Facilities as provided in this Paragraph. Upon the Agency's reimbursement of the Reimbursement Amount to Sunrise, Sunrise shall execute, acknowledge and cause to be recorded in the Official Records of Orange County, California in favor of the Agency a grant deed in favor of the Agency in the form attached hereto as Exhibit "C", transferring to the Agency all of Sunrise's right, title and interest in and to the Public Facilities, including the real property shown on Exhibit "D" attached hereto and designated as the "City Parcel – Public Improvements."

(c) No Obligation If Prohibited. Notwithstanding the foregoing, nothing set forth herein shall obligate the Agency pursuant to the terms of this Paragraph 9 in the event that the City is prohibited from issuing the Bonds by reason of a binding, non-appealable judgment. Agency agrees to defend on behalf of the City any action instituted to prohibit the issuance of the Bonds with counsel reasonably satisfactory to Sunrise.

10. Evidence of Agency's Obligation for Reimbursed Amounts. Agency's obligation to reimburse Sunrise for the Reimbursement Amount shall be evidenced by that certain

promissory note, a copy of which is attached hereto as **Exhibit "E"** attached hereto (the "**Agency Note**"). As more particularly described in the Agency Note, the Agency's obligation to reimburse Sunrise for the Reimbursement Amount shall be made solely from the Pledged Amounts. The Agency hereby pledges, assigns, transfers and grants to Sunrise a continuing security interest in the Pledged Amounts to secure the Agency's obligation to reimburse Sunrise for the Reimbursement Amount. The Agency agrees to execute any UCC-1 Financing Statement and/or any other documents reasonably requested by the Fiscal Agent in order for Sunrise to evidence or perfect its security interest in the Pledged Amounts.

11. Relationship to Public Works. The Agency hereby agrees and acknowledges that the Agency's pledge and payment of the Pledged Amounts in favor of the District and its covenant to pay the Reimbursement Amount to Sunrise is intended to apply, and shall be applied solely to the construction work applicable to the Public Facilities and that all work of construction applicable to the Public Facilities shall be deemed to be a "**public works**" for purposes of Section 1720 of the California Labor Code. Accordingly, all construction with respect to the Public Facilities shall require compliance with applicable laws relating to the payment of prevailing wages. Further, the following shall apply with respect to the completion of the Public Facilities and the completion of the Private Improvements:

(a) Separate Contracts. The Public Facilities, the Entertainment Complex and the Robinsons-May Store improvements shall be completed pursuant to separate construction contracts. The Public Facilities shall be completed pursuant to the terms and conditions of the Funding and Acquisition Agreement and the Entertainment Complex and the Robinsons-May Store improvements shall be completed pursuant to separate private construction contracts. No portion of the Entertainment Complex or the Robinsons-May Store improvements shall be paid in whole or in part with proceeds of the Bonds, the Reimbursement Amount and/or the consideration paid for the Covenant.

(b) Control Over Construction. The Agency shall have no control over any aspect of the development process attributable to the Entertainment Complex or the Robinsons-May Store improvements.

(c) Financing of the Entertainment Complex. The Entertainment Complex and the improvements to be constructed by Sunrise with respect to the Robinsons-May Store shall be financed solely by debt and equity financing provided by Sunrise at its sole cost and expense and no portion of either the Pledged Amounts and/or the Reimbursement Amount shall be used in whole or in part to pay any portion of such improvements.

12. Timing of Payments. In order to comply with the requirements of the Community Redevelopment Law, and specifically Section 33445 thereof, the Agency may not pay for the value of land or for the cost of any improvements unless the improvements are of a benefit to the applicable project area and would assist in the elimination of one or more blighting conditions inside the project area. Accordingly, the Agency shall have no further obligation to make any payments of the Pledged Amounts or the Reimbursement Amount unless and to the extent that the Public Facilities and the Entertainment Complex are substantially completed on or before twenty-four (24) months from the date of this Agreement, subject to the Force Majeure Delays.



is specified; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefit of any grace period provided for in this Agreement.

(d) Interpretation and Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California applicable to agreements made and to be performed within the state. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived.

(e) Waiver of Jury Trial. The parties hereby waive their respective right to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding or hearing brought by a party hereto or its successors and assigns on any matter whatsoever arising out of, or in any way connected with, this Agreement, the relationship of the parties hereto, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

(f) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that all other rights and privileges shall be enforceable to the fullest extent permitted by law.

(g) Attorneys' Fees. In any action or proceeding brought to enforce or interpret any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party shall be entitled to recover actual attorneys' fees and all other litigation costs including without limitation costs awardable pursuant to California Code of Civil Procedure Section 1033.5 and amounts payable to expert witnesses ("**Costs**") in addition to any other available remedy. In addition to the fees and Costs recoverable under the preceding sentence, the parties agree that the prevailing party shall be entitled to recover actual attorneys' fees and Costs incurred in connection with the enforcement of a judgment arising from such action or proceeding.

(h) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes any and all prior restrictions, promises, representations, warranties, agreements, understandings and undertakings between the parties with respect to such subject matter and there are no restrictions, promises, representations, warranties, agreements, understandings or undertakings with respect to such subject matter other than those set forth or referred to herein.

(i) Waiver. No delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any right, power or privilege hereunder operate as a waiver of any other

right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

(j) Amendments. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally or in writing, except that any term of this Agreement may be amended by a writing signed by the parties, and the observance of any such term may be waived (either generally or in a particular instance and either retroactively or prospectively) by a writing signed by the party against whom such waiver is to be asserted.

(k) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties.

(l) No Third Party Beneficiaries. Except as otherwise expressly provided in this Agreement, nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, other than the parties hereto and their respective successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provisions herein contained, this Agreement and any conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and for the benefit of no other person.

(m) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Agency and Sunrise have signed this Agreement on the respective dates set forth below.

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK

Dated: 5/20/02, 2002

By: [Signature]  
Chairman

ATTEST:

By: [Signature]  
Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Attorney for the Community Redevelopment  
Agency of the City of Buena Park

Dated: April 19<sup>th</sup>, 2002

SUNRISE BUENA PARK, L.P.,  
a Delaware limited partnership

By: SP Buena Park, Inc., a Delaware  
corporation, its sole general partner

By: [Signature]  
John Kevin Poorman, Esq.  
Vice President

EXHIBITS:

- Exhibit "A-1" Legal Description of the Site
- Exhibit "A-2" Legal Description of the Fedco Parcel
- Exhibit "A-3" Legal Description of the Sears Parcel
- Exhibit "B" Declaration of Restriction Affecting Land
- Exhibit "C" Grant Deed - Agency
- Exhibit "D" Description of City Parcel
- Exhibit "E" Agency Promissory Note



**EXHIBIT "A-1"**

**LEGAL DESCRIPTION OF THE SITE**

**Sunrise Parcel**

Parcels 1, 2, 4, 5 and 6 in the City of Buena Park, County of Orange, State of California, as shown on a Map filed in Book 115, Pages 23 to 27, inclusive, of Parcel Maps, as amended by Certificate of Correction recorded October 29, 1980 as Instrument No. 44376 in Book 13811, Page 339 of Official Records, in the Office of the County Recorder of said County.

**Sears Parcel**

Parcels 1 and 2 in the City of Buena Park, County of Orange, State of California, as per Map filed in Book 138, Pages 32 and 33 of Parcel Maps, in the Office of the County Recorder of said County.

**Fedco Parcel**

Parcel 1 in the City of Buena Park, County of Orange, State of California, as per Map recorded in Book 122, Pages 22 and 23 of Parcel Maps, in the Office of the County Recorder of said County.

**Bank Parcel**

Parcel 2 in the City of Buena Park, County of Orange, State of California, as shown on Map filed in Book 122, Pages 22 and 23 of Parcel Maps, in the Office of the County Recorder of said Orange County.

**EXHIBIT "A-2"**

**LEGAL DESCRIPTION OF FEDCO PARCEL**

Parcel 1 in the City of Buena Park, County of Orange, State of California, as per Map recorded in Book 122, Pages 22 and 23 of Parcel Maps, in the Office of the County Recorder of said County.

**EXHIBIT "A-3"**

**LEGAL DESCRIPTION OF SEARS PARCEL**

Parcels 1 and 2 in the City of Buena Park, County of Orange, State of California, as per Map filed in Book 138, Pages 32 and 33 of Parcel Maps, in the Office of the County Recorder of said County.

**EXHIBIT "B"**

**DECLARATION OF RESTRICTION AFFECTING LAND**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Office of the City Attorney  
Number One Civic Center Circle  
Post Office Box 1059  
Brea, CA 92822-1059  
Attention: James L. Markman, Esq.

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(Space Above For Recorder's Use)

**DECLARATION OF RESTRICTION AFFECTING LAND**

This DECLARATION OF RESTRICTION AFFECTING LAND ("**Declaration**") is made as of this \_\_\_ day of \_\_\_\_\_, 2002 by SUNRISE BUENA PARK, L.P., a Delaware limited partnership ("**Sunrise**") in favor of the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK ("**Agency**").

**R E C I T A L S :**

A. Sunrise is the fee owner of that certain land located in the City of Buena Park, County of Orange, State of California, more particularly described in **Exhibit "A"** attached hereto (the "**Restricted Parcel**").

B. Sunrise may enter into a ground lease of the Restricted Parcel with The May Department Stores Company, and/or one or more of its affiliates.

C. The Agency desires to acquire a restrictive covenant with respect to the Restricted Parcel such that the Restricted Parcel be held, transferred, sold, leased, occupied and conveyed subject to the covenants, conditions and restrictions set forth herein. Sunrise is willing to do so under the terms and conditions more particularly set forth herein.

D. Pursuant to California Health and Safety Code Section 33391, the Agency has the authority to purchase any real or personal property or any interest in property.

E. For purposes of this Declaration, the following terms shall have the following meanings:

**"Owner"** shall mean and refer to each person or entity which holds fee title to any portion of the Restricted Parcel and any successor of such person or entity acquiring said fee title from such person or entity. The term "Owner", unless otherwise provided in this Declaration, shall not include any lender, trustee, beneficiary or mortgagee, nor any ground lessee, tenant or occupant of space of the Restricted Parcel.

**"Occupant"** shall mean those persons entitled by ownership, leasehold interest or other legal relationship to the right to occupy any portion of the Restricted Parcel.

**"Opens"** shall mean the opening of a Robinsons-May department store to the general public for the sale of retail goods.

NOW, THEREFORE, for good and valuable consideration, Sunrise hereby covenants, agrees and declares that the interest of Sunrise, as the same may from time to time appear in and to the Restricted Parcel, shall be held, transferred, sold, leased, occupied and conveyed subject to the covenants, conditions and restrictions which are hereby declared to be for the benefit of the Agency. These covenants, conditions and restrictions shall run with the Restricted Parcel, and every part thereof or interest therein, and shall be binding upon all parties having or acquiring any right or title in said interests or any part thereof. Sunrise shall hereafter hold and convey title to the Restricted Parcel subject to the covenants, conditions and restrictions hereinafter set forth.

#### **1. PROHIBITED AND RESTRICTED USES**

From and after the date on which a Robinsons-May department store "Opens" on the Restricted Parcel, neither the Restricted Parcel nor any part thereof shall be used, and no building or other improvement shall be constructed, maintained or used except for retail and service establishments. Further, no use or operation will be made, conducted or permitted on any portion of the Restricted Parcel which is clearly objectionable to or not common to the development or operation of a first-class regional shopping center. Among such prohibited uses or operations (which produce or are accompanied by the stated objectionable characteristics), are the following, which list is not intended to be all inclusive:

- (a) Any noise or other activity objectionable due to intermittence, beat, frequency, shrillness or loudness;
- (b) Any public or private nuisance;
- (c) Any unusual fire, explosion or other damaging or dangerous hazards;
- (d) Any noxious, toxic, caustic or corrosive fuel or gas;
- (e) Any warehouse (excluding any area for the storage of goods intended to be sold on the Restricted Parcel), assembly, manufacturing, distillation, refining, smelting, industrial, agriculture, drilling or mining operation;
- (f) Any dumping, disposal, incineration or reduction of garbage or refuse other than handling or reducing such waste if produced on the premises from authorized uses and if handled in a reasonably clean and sanitary manner;

(g) Any drilling for and/or removal of subsurface substances.

## 2. CONSIDERATION FOR RESTRICTIVE USE COVENANT

In consideration for the granting of the restrictive use covenant set forth in this Declaration, the Agency has paid to Sunrise the sum of One Million Five Hundred Thousand Dollars (\$1,500,000).

## 3. TERM

The term of this Declaration shall commence as of the date of this Declaration and shall terminate twenty (20) years thereafter.

## 4. DEFAULT

4.1 If Sunrise, during the term of this Declaration, shall default in the full, faithful and punctual performance of any obligation required hereunder and if upon the expiration of thirty (30) days after written notice from Agency stating with particularity the nature and extent of such default, Sunrise has failed to cure such default, and if a diligent effort is not then being made to cure such default, then Agency shall be entitled to exercise any remedies it may have at law or in equity. The failure of Agency to insist in any one or more cases upon the strict performance of any of the promises, covenants, conditions, restrictions or agreements herein, shall not be construed as a waiver or relinquishment for the future breach of the provisions hereof.

### 4.2 Injunctive Relief

In the event of any violation or threatened violation of any provision of this Declaration, Agency shall have the right, in addition to any other remedies herein or by law provided, to enjoin such violation or threatened violation.

### 4.3 Attorneys' Fees

In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any alleged breach of any of the covenants or agreements on the part of the other party arising out of this Declaration or any other dispute between the parties concerning this Declaration, then in that event, the prevailing party in such action or dispute, whether by final judgment or out of court settlement, shall be entitled to have and recover of and from the other party all costs and expenses of suit, including actual attorneys' fees. Any judgment or order entered in any final judgment shall contain a specific provision providing for the recovery of all costs and expenses of suit, including actual attorneys' fees (collectively "Costs") incurred in enforcing, perfecting and executing such judgment. For the purposes of this Section 4.3, Costs shall include, without limitation, attorneys' and experts' fees, costs and expenses incurred in the following: (i) post judgment motions; (ii) contempt proceeding; (iii) garnishment, levy, and debtor and third party examination; (iv) discovery; and (v) bankruptcy litigation. For purposes of this Section 4.3, the "prevailing party" shall be the party that prevails or substantially prevails in any action or dispute. The provisions of this Section 4.3 shall survive the expiration or termination of this Declaration.

4.4 Governing Law

This Declaration shall be governed and construed and enforced in accordance with the laws of the State of California.

5. **NOTICES**

5.1 Notices

5.1.1 All notices, approvals, demands, or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by a nationally recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by telecopy and shall be deemed received upon the earlier of (i) if personally delivered or sent by overnight courier, the date of delivery to the address of the person to receive such notice, (ii) if mailed, upon receipt or on the date of attempted delivery, or (iii) if given by telecopy or facsimile, one (1) business day after transmission. Any notice, request, demand, direction or other communication sent by cable, telex or telecopy must be confirmed within forty-eight (48) hours by letter mailed or delivered in accordance with the foregoing. All notices shall be sent to the addresses set forth below. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday. Notice of change of address shall be given by written notice in the manner detailed in this Paragraph. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent.

5.1.2 All notices shall be sent to the following addresses:

If to Agency:                   The Community Redevelopment Agency  
  of The City Of Buena Park  
  6650 Beach Boulevard  
  Buena Park, California 90620  
  Attention: Executive Director

with a copy to:               Office of the City Attorney  
  Number One Civic Center Circle  
  Post Office Box 1059  
  Brea, CA 92822-1059  
  Attention: James L. Markman, Esq.

If to Sunrise:                 Sunrise Buena Park, L.P.  
  c/o Pritzker Realty Group  
  200 West Madison Street, 37th Floor  
  Chicago, Illinois 60606  
  Attention: John Kevin Poorman

and: Rosalind J. Schurgin  
c/o The Festival Companies  
9841 Airport Boulevard, Suite 700  
Los Angeles, California 90045

with a copy to: Allen Matkins Leck Gamble & Mallory LLP  
1900 Main Street, 5<sup>th</sup> Floor  
Irvine, California 92614-7321  
Attention: Michael Joyce, Esq.

The foregoing addresses may be changed by written notice given pursuant to provisions of this Section.

## 6. LENDER PROTECTION

This Declaration, and the rights, privileges, covenants, agreements and easements hereunder shall be superior and senior to any lien placed upon the Restricted Parcel, including the lien of any mortgage or deed of trust. Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish or impair the lien of any mortgage or deed of trust made in good faith and for value, but all of the covenants and restrictions, easements and conditions and other provisions, terms and conditions contained in this Declaration shall be binding upon and effective against any person or entity (including any mortgagee or beneficiary under a deed of trust) who acquires title to the Restricted Parcel or any portion thereof by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise.

## 7. GENERAL PROVISIONS

### 7.1 No Covenant to Operate

Nothing, either expressed or implied, contained in this Declaration shall obligate any Owner or Occupant to continuously operate any type of business on the Restricted Parcel; provided, however, that the foregoing shall not be construed in any manner whatsoever to relieve an Occupant of any obligation set forth in a lease or other agreement between an Owner and such Occupant which requires the Occupant to continuously operate a business in the Occupant's premises.

### 7.2 Rights of Successors

This Declaration shall be binding upon and inure to the benefit of successors and assigns of the parties hereto. The singular number includes the plural and any gender includes all other genders.

### 7.3 Severability

If any term or provision of this Declaration or the application of it to any person or circumstance shall to any extent be invalid and unenforceable, the remainder of this Declaration or the application of such term or provision to persons or circumstances other than those as to



which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Declaration shall be valid and shall be enforced to the extent permitted by law.

7.4 No Presumption

This Declaration shall be interpreted and construed only by the contents hereof and there shall be no presumption or standard of construction in favor of or against Sunrise or Agency.

7.5 Not a Public Dedication

Nothing herein contained shall be deemed to be a gift or dedication of any portion of the Restricted Parcel to the general public or for the general public or for any public purposes whatsoever, it being the intention of the parties hereto that this Declaration shall be strictly limited to and for the purposes herein expressed.

7.6 Modification

This document once executed and delivered shall not be modified, changed or altered in any respect except by a written document executed and delivered in the same manner as required for this document.

7.7 Interpretation

Whenever used herein, the term "including" shall be deemed to be followed by the words "without limitation". Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. The captions and headings of the Articles and Sections of this Declaration are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof.

7.8 Waiver

The waiver or failure to enforce any provision of this Declaration shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

7.9 Exhibits

The Exhibits attached hereto are hereby incorporated herein by this reference for all purposes.

**[No Further Text On This Page]**

IN WITNESS WHEREOF, Agency and Sunrise have signed this Declaration on the respective dates set forth below.

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK

By: \_\_\_\_\_  
Chairman

ATTEST:

By: \_\_\_\_\_  
Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Attorney for the Community Redevelopment  
Agency of the City of Buena Park

SUNRISE BUENA PARK, L.P.,  
a Delaware limited partnership

By: SP Buena Park, Inc., a Delaware  
corporation, its sole general partner

By: \_\_\_\_\_  
John Kevin Poorman, Vice President

**EXHIBIT "C"**

**FORM OF GRANT DEED**

WHEN RECORDED  
MAIL THIS GRANT DEED TO:

James L. Markman, Esq.  
Richards, Watson & Gershon  
P.O. Box 1059  
Brea, California 92822-1059

---

(Above Space for Recorder's Use Only)

**GRANT DEED**

The undersigned grantor declares:  
Documentary transfer tax is \$-0-;

(X) Exempt – Revenue & Taxation Code § 11922, Government Code § 6103.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Sunrise Buena Park, L.P., a Delaware limited partnership ("**Grantor**"), hereby GRANTS to the Community Redevelopment Agency of the City of Buena Park ("**Grantee**"), the following described real property (the "**Property**") located in the City of Buena Park, County of Orange, State of California that certain real property consisting of approximately four and six-tenths (4.6) acres of land to be used for public parking and public plazas as more particularly described in **Schedule "1"** attached hereto.:

SUBJECT TO:

1. Taxes and assessments, not delinquent.
2. All other covenants, conditions, restrictions, reservations, rights, rights of way, easements, encumbrances, liens and title matters of record or visible from an inspection or survey of the Property.
3. All covenants, conditions, restrictions, reservations, rights and easements as set forth in that certain Amended and Restated Construction, Operation and Reciprocal Easement Agreement dated as of January 25, 1978 recorded on September 14, 1978 in Book 12480, Pages 1-216, inclusive, in the Office of the County Recorder of Orange County, California, as amended by that certain Amendment No. 1 to Amended and Restated Construction, Operation and Reciprocal Easement Agreement dated as of January 15, 1979, and recorded on February 20, 1979 at Book 13039, Page 51369 in the Office of the County Recorder of said County, as further amended by that certain Amendment No. 2 to Amended and Restated Construction, Operation

and Reciprocal Easement Agreement dated as of December 23, 1994, and recorded on January 31, 1995 as Instrument No. 95-0042381 in the Official Records of the Office of the County Recorder of Orange County, California, as further amended by that certain Amendment No. 3 to Amended and Restated Construction, Operation and Reciprocal Easement Agreement dated as of December 17, 1997, and recorded on December 17, 1997 as Instrument No. 19970649150 in the Official Records in the Office of the County Recorder of Orange County, California, and as further amended (collectively, the "REA").

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

SUNRISE BUENA PARK, L.P.,  
a Delaware limited partnership

By: \_\_\_\_\_  
SP Buena Park, Inc., a Delaware corporation,  
its sole general partner

By: \_\_\_\_\_  
John Kevin Poorman, Esq.,  
Vice President

STATE OF ILLINOIS                    )  
  ) ss.  
COUNTY OF COOK                    )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public in and for said state, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public in and for said State

(SEAL)

SCHEDULE "1"

LEGAL DESCRIPTION

**PSOMAS**

LEGAL DESCRIPTION

EXHIBIT "A"

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That portion of Parcels 1 and 2 in the City of Buena Park, County of Orange, State of California, as per map filed in Book 115, Pages 23-27 of Parcel Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at a spike and washer tagged LS 3258, marking the southerly terminus of that course in the westerly line of Parcel 3 of said Parcel Map shown as North 00°14'20" West 771.07 feet, distant South 00°13'20" East 770.90 feet from a spike with no washer marking the northerly terminus of said course; thence North 00°14'20" West 34.00 feet along said course; thence North 90°00'00" West 43.63 feet to the **True Point of Beginning**; thence South 00°00'00" West 340.68 feet to the southerly line of said Parcel 1; thence South 89°42'28" West 920.90 feet along said southerly line to the southwestly corner of said Parcel 1; thence North 00°14'20" West 460.53 feet along the westerly line of said Parcel 1; thence North 90°00'00" East 79.90 feet; thence South 45°00'00" East 18.95 feet to the beginning of a non-tangent curve concave northeasterly having a radius of 463.43 feet, a radial line to said beginning of curve bears South 37°05'17" West; thence southeasterly 144.93 feet along said curve through a central angle of 17°55'05"; thence South 70°49'48" East 44.03 feet; thence North 62°37'23" East 90.37 feet; thence North 00°00'00" East 68.76 feet; thence North 90°00'00" East 63.08 feet; thence South 00°00'00" West 68.76 feet; thence South 49°32'37" East 99.48 feet to the beginning of a non-tangent curve concave northerly having a radius of 408.00 feet, a radial line to said beginning of curve bears South 15°18'33" East; thence easterly 59.85 feet along said curve through a central angle of 08°24'17"; thence North 66°17'10" East 24.75 feet; thence South 90°00'00" East 14.19 feet; thence North 47°30'09" East 17.72 feet; thence South 44°59'50" East 25.33 feet to the beginning of a non-tangent curve concave northerly having a radius of 452.72 feet, a radial line to said beginning of curve bears South 28°27'16" East; thence southwestly, westerly and northwestly 571.68 feet along said curve through a central angle of 72°21'03"; thence South 90°00'00" West 61.01 feet; thence South 00°00'00" West 179.95 feet; thence South 90°00'00" East 111.87

# PSOMAS

1 feet; thence South 00°00'00" West 194.45 feet; thence North 89°32'48" East 170.67 feet;  
2 thence South 00°25'51" East 15.25 feet; thence North 89°26'37" East 266.91 feet; thence  
3 North 00°25'51" West 14.89 feet; thence North 89°31'24" East 58.30 feet; thence  
4 North 00°00'00" East 138.23 feet; thence North 07°30'49" East 56.12 feet to the  
5 beginning of a non-tangent curve concave southeasterly having a radius of 13.88 feet, a  
6 radial line to said beginning of curve bears North 82°29'14" West; thence northeasterly  
7 7.71 feet along said curve through a central angle of 31°49'47"; thence  
8 North 45°00'00" East 50.62 feet; thence North 44°59'50" West 93.61 feet; thence  
9 North 44°59'52" East 52.68 feet; thence North 90°00'00" East 9.69 feet; thence South  
10 44°59'50" East 87.39 feet; thence North 90°00'00" East 211.59 feet to the **True Point of**  
11 **Beginning.**

12

13 Containing 196,600 square feet or 4.513 acres, more or less.

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17 City Parcel dimensions are approximate only and subject to adjustment by owner prior to  
18 acquisition by City.

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20 This legal description is not intended for use in the division and or conveyance of land in  
21 violation of the Subdivision Map Act of the State of California.

22

23 Prepared under my supervision

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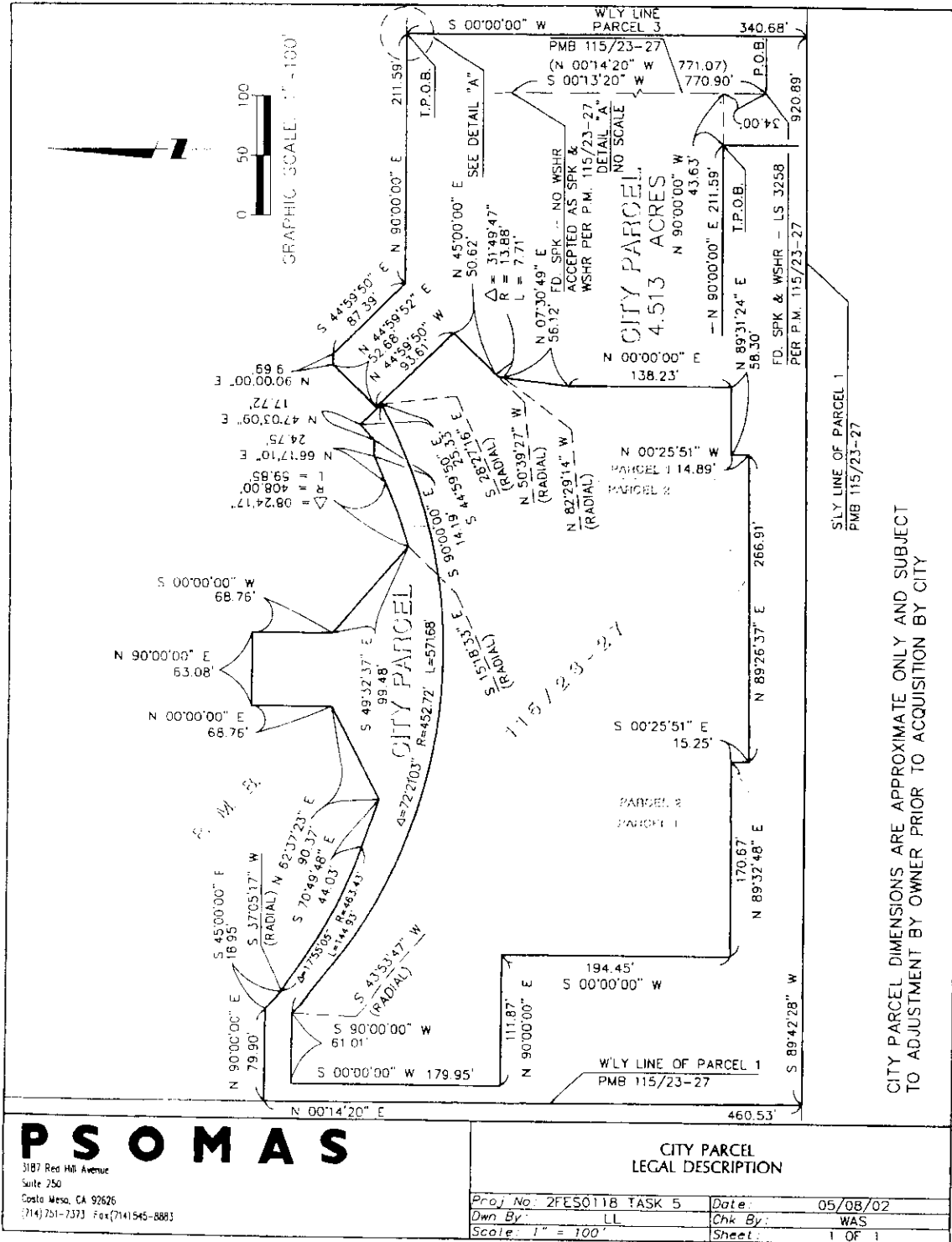
25 \_\_\_\_\_  
Walter A. Sheek P.L.S. 4838 Date

26 Expires 09/30/04



**EXHIBIT "D"**

**CITY PARCEL – PUBLIC IMPROVEMENTS**



CITY PARCEL DIMENSIONS ARE APPROXIMATE ONLY AND SUBJECT TO ADJUSTMENT BY OWNER PRIOR TO ACQUISITION BY CITY



**EXHIBIT "E"**

**PROMISSORY NOTE**

[\$ \_\_\_\_\_, California \_\_\_\_\_, 200\_\_  
INSERT CORRECT AMOUNT – SEE PARAGRAPH 9(a)  
OF THE REIMBURSEMENT FOR PUBLIC IMPROVEMENTS  
AND PLEDGE AGREEMENT]

FOR VALUE RECEIVED, the undersigned, COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK ("**Maker**"), hereby promises to pay to SUNRISE BUENA PARK L.P., a Delaware limited partnership ("**Holder**") or order, without deduction, offset or demand, at 200 West Madison Street, 37th Floor, Chicago, Illinois 60606, or at any such other place as the holder hereof may from time to time designate in writing, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), at the time and in the manner hereinafter specified, together with interest on the unpaid principal balance at a rate (based on a 360-day year, actual days per annum elapsed) of ten percent (10%) per annum.

1. Source of Repayment. Notwithstanding anything set forth in this Note to the contrary, Maker's obligations under this Note shall be paid solely from the "**Pledged Amounts**" (as that term is defined in that certain Reimbursement For Public Improvements and Pledge Agreement between Maker and Holder dated \_\_\_\_\_, 2002 (the "**Reimbursement and Pledge Agreement**")). Pursuant to the terms of the Reimbursement and Pledge Agreement, Maker has pledged, assigned, transferred and granted to Holder a security interest in the Pledged Amounts to secure Maker's obligations hereunder.

2. Application of Payments. All installments shall be applied first to the discharge of any expenses or damages for which Holder may be entitled to receive reimbursement under the terms to this Note, then to the payment of all interest accrued to the date of such payment, and the balance, if any, shall be applied to the payment of principal. Principal and interest are payable in lawful money of the United States of America. As used herein, the word "**Holder**" shall mean the payee or other endorsee of this Note.

3. Prepayment. This Note may be prepaid in full or in part, at any time, without penalty.

4. Waiver. Maker and all endorsers, guarantors and sureties of this Note and all other persons liable or to become liable on this Note jointly and severally waive presentment for payment, demand, notice of demand and of dishonor and nonpayment of this Note, notice of intention to accelerate the maturity of this Note, protest and notice of protest, diligence in collecting, and the bringing of suit against any other party, and agree to all renewals, extensions, modifications, partial payments, releases or substitutions of security, in whole or in part, with or without notice, before or after maturity. Maker waives, to the full extent permissible by law, any right it may have to plead any and all statutes of limitation as a defense to any demands on this Note. No single or partial exercise of any power hereunder or any instrument securing this Note, if any, shall preclude other or further exercise thereof, or the exercise of any other power.

5. Attorneys' Fees. If this Note is not paid when due, Maker promises to pay any and all costs of enforcement and collection, including but not limited to, reasonable attorneys' fees, whether or not an action or proceeding is brought to enforce the provisions hereof.

6. Severability. Every provision of this Note is intended to be severable. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid, such illegal or invalid term or provision shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

7. Choice of Law. This Note shall be governed by and construed in accordance with the laws of the State of California, except to the extent that Federal laws may preempt the laws of the State of California.

8. Notices. All notices required to be given hereunder to Maker shall be addressed to 6650 Beach Boulevard, Buena Park, California 90620.

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK

Dated: \_\_\_\_\_, 200\_\_

By: \_\_\_\_\_  
Chairman

ATTEST:

By: \_\_\_\_\_  
Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Attorney for the Community Redevelopment  
Agency of the City of Buena Park

## OPTION AGREEMENT AND RIGHT OF FIRST REFUSAL

THIS OPTION AGREEMENT AND RIGHT OF FIRST REFUSAL ("**Agreement**") is made and entered into as of the 23 day of April, 2002, by and between The City of Buena Park, a municipal corporation ("**City**"), and Sunrise Buena Park, L.P., a Delaware limited partnership ("**Sunrise**"). Sunrise and City are hereinafter individually or collectively referred to as a "**Party**" or the "**Parties**."

### R E C I T A L S :

A. Sunrise is the owner of that certain real property located in the City of Buena Park, County of Orange, State of California, more particularly described in **Schedule 1** attached hereto ("**Sunrise Property**").

B. Sunrise and the Community Redevelopment Agency of the City of Buena Park ("**Agency**") are parties to that certain Reimbursement for Public Improvements and Pledge Agreement (the "**Reimbursement Agreement**"). Pursuant to the Reimbursement Agreement, the Agency agreed, under certain circumstances, to reimburse Sunrise for the cost of certain public improvements (more particularly described in the Reimbursement Agreement as the "**Facilities**"), upon the completion of the Facilities by Sunrise.

C. Concurrently herewith, Sunrise has conveyed to the City all of Sunrise's right, title and interest in and to that certain real property, improved with the Facilities, more particularly described in **Schedule 2** attached hereto (the "**Property**").

D. Pursuant to the terms of this Agreement, City has agreed to grant to Sunrise an option to purchase the Property on the terms and conditions set forth in this Agreement.

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, Sunrise and City agree as follows:

### A G R E E M E N T :

1. Grant of Option. City hereby grants to Sunrise an option to purchase the Property (the "**Option**"), which Option shall be exercisable by Sunrise, in the manner and on the terms and conditions set forth in this Agreement. The term of the Option ("**Option Term**") shall commence on the date of payment in full of all City of Buena Park Community Facilities District No. 2001-1 Special Tax Bonds, Series 2002 and any bonds issued to refund such bonds and shall continue for fifteen (15) years thereafter.

2. Exercise of Option.

2.1. Notice of Exercise. Sunrise may exercise its Option to purchase the Property by the delivery to City of written notice of exercise ("**Notice of Exercise**"). Sunrise's

delivery of a Notice of Exercise in accordance with the terms hereof shall create a binding contract for the purchase and sale of all of the Property.

2.2. Failure to Timely Exercise Option. If Sunrise fails to exercise the Option by delivery of a Notice of Exercise prior to the expiration of the Option Term, then the Option shall terminate within sixty (60) days following the date that City delivers a written notice to Sunrise informing Sunrise of its failure to exercise the Option, and Sunrise's failure to deliver a Notice of Exercise within such sixty (60)-day period. Upon the termination of the Option, Sunrise shall, upon demand by City, execute, acknowledge and deliver to City a quitclaim deed or such other document as may be reasonably required by City or by City's title insurance company to verify such termination of the Option.

3. Escrow. If Sunrise timely exercises the Option, Sunrise and City shall immediately after delivery of the Notice of Exercise by Sunrise open an escrow (the "Escrow") at First American Title Insurance Company ("Escrow Holder"), One First American Way, Santa Ana, California 92707, by depositing a signed copy of this Agreement with Escrow Holder. This Agreement shall constitute joint escrow instructions to Escrow Holder. The Parties shall execute such additional instructions, not inconsistent with the provisions of this Agreement, which may be required by Escrow Holder. The terms of the Escrow shall be as follows:

3.1. Purchase Price.

(a) The price ("Purchase Price") at which Sunrise shall be entitled to purchase the Property shall be the "Fair Market Value" of the Property. The Fair Market Value of the Property shall be determined in the following manner. If Sunrise and City do not agree in writing upon the Fair Market Value for the Property within thirty (30) days following the delivery by Sunrise of the Notice of Exercise, the Fair Market Value of the Property shall be determined by appraisal as follows. Each of the Parties shall appoint one (1) appraiser not later than forty-five (45) days following the delivery by Sunrise of the Notice of Exercise and shall notify the other Party of the identity, address, and qualifications of such appraiser, and instruct its appointed appraiser to render and communicate to the other appraiser and Party such appraiser's opinion of the Fair Market Value as hereinafter provided. The Fair Market Value shall be the quotient arrived at by adding together the Fair Market Value determined by each appraiser and dividing that sum by two, unless the difference between the two (2) appraisals exceeds ten percent (10%) of the amount of the lower appraisal, in which event the Fair Market Value shall be determined as follows. Each appraiser shall be instructed to select and appoint, within five (5) days after a determination of the divergent appraisals, a third appraiser meeting the qualifications described hereinbelow and to promptly notify the Parties of such selection, and the Fair Market Value as determined by appraisal shall be the quotient arrived at by adding together the Fair Market Value of the two (2) closest appraisals and dividing that sum by two. If the two (2) appraisers duly appointed by the Parties as herein provided fail to agree upon the third appraiser, each of the Parties may, upon five (5) business days' notice to the other Party, apply to the American Arbitration Association for the purpose of determining the Fair Market Value, in which case the Parties agree that the decision of the American Arbitration Association setting the Fair Market Value shall be binding. The Parties shall instruct the appraisers to complete their determination of the Fair Market Value not later than forty-five (45) days from the date of the appointment of the respective appraiser.

(b) If either Party fails to appoint an appraiser within the prescribed time period, the sole appraiser appointed by the other Party within the required time shall determine the Fair Market Value for the Property.

(c) Each Party shall bear the cost of the appraiser selected by such Party, and the Parties shall share equally the cost of the single, third appraiser, and arbitrator, as applicable. The appraisers selected hereunder shall have at least five (5) years' experience in the appraisal of commercial/industrial real property in the area in which the Property is located and shall be professional commercial real estate brokers and/or members of professional organizations such as the American Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA), or other generally recognized professional appraisal society or organization.

(d) For purposes of this Agreement, the "**Fair Market Value**" shall mean the amount that a ready and willing purchaser would pay in a bona fide arms-length transaction, as of the applicable date to a ready and willing owner of comparable property, if such property were exposed for sale in the open market for a reasonable period of time and taking into account all of the purposes for which such property may be used.

3.2. Close of Escrow. The Escrow shall close on or before the date which is thirty (30) calendar days after the date of the determination of the Fair Market Value of the Property. For purposes of this Agreement, the "**Close of Escrow**" shall mean the date on which the grant deed conveying the Property to Sunrise is recorded in the Official Records of Orange County, California.

3.3. Title. Upon the Close of Escrow, City shall convey the Property to Sunrise by Escrow Holder's standard form grant deed subject only to the following:

3.3.1. Nonmonetary Existing Exceptions. Nonmonetary covenants, conditions, restrictions, easements, reservations, rights and rights-of-way of record existing or recorded concurrently at the time of the conveyance of the Property to City by Sunrise.

3.3.2. Taxes. Nondelinquent general, special and supplemental real property taxes and assessments.

3.4. Prorations. All real property taxes and assessments shall be prorated as of the Close of Escrow.

3.5. Costs. Sunrise shall pay for one-half (1/2) of the Escrow fee, the cost of recording the deed conveying the Property to Sunrise and any other costs which, in the opinion of Escrow Holder, are customarily borne by purchasers of real property in Orange County, California. City shall pay documentary transfer taxes, one-half (1/2) of the Escrow fee and any other costs which in the opinion of Escrow Holder are customarily borne by sellers of real property in Orange County, California.

4. Grant Of Right Of First Refusal.

4.1. Grant. Until the commencement of the Option Term, Sunrise shall have the right (hereinafter referred to as the "**Right of First Refusal**") to purchase from City the Proposed Transfer Property upon the terms and conditions set forth in this Agreement. As used in this Agreement, the term "**Proposed Transfer Property**" shall mean (a) the entire Property, in the event that City proposes to transfer all of its interest in the Property, and (b) otherwise, that portion of the Property that City proposes to transfer. As used in this Agreement, the term "**transfer**" shall be defined to mean any transfer, sale, lease, or other conveyance, whether by agreement for sale or in any other manner (excluding any transfer merely as security for the performance of an obligation).

4.2. Notice to Sunrise; Contents.

4.2.1. Proposed Transfer Notice. City shall provide Sunrise at least thirty (30) days' prior written notice (the "**Proposed Transfer Notice**") of any proposed transfer (a "**Proposed Transfer**") of all or any part of City's interest in the Property or any portion thereof to an entity that is not a governmental unit or political subdivision of the State of California.

4.2.2. Content of Proposed Transfer Notice. The Proposed Transfer Notice shall set forth all of the following, as applicable to the Proposed Transfer: (i) the names and addresses of the parties to the Proposed Transfer; (ii) a legal description of the Proposed Transfer Property; (iii) the terms on which the Proposed Transfer is to be made; and (iv) the consideration to be paid by the proposed transferee (the "**Proposed Transfer Purchase Price**"), which shall in no event be less than the Fair Market Value. A copy of the offer and any agreement made by the proposed transferee shall be attached to the Proposed Transfer Notice. If the Proposed Transfer is to be made in exchange for property of the transferee, the value on the property to be exchanged shall in no event be less than the Fair Market Value of the Proposed Transfer Property.

4.3. Time for Exercise of Right of First Refusal. Sunrise shall have a period of thirty (30) calendar days following its receipt of the Proposed Transfer Notice to exercise its Right of First Refusal to purchase the Proposed Transfer Property on the terms set forth in the Proposed Transfer Notice. Within sixty (60) calendar days after the expiration of such thirty (30) calendar day period (or after such earlier date upon which Sunrise notified City it does not wish to exercise its Right of First Refusal) the parties to the Proposed Transfer (as identified in the Proposed Transfer Notice) may consummate the Proposed Transfer, on the terms and for the consideration specified in the Proposed Transfer Notice. If, prior to the consummation of the Proposed Transfer, any of the terms thereof are changed, then City shall again give notice of the transfer to Sunrise in accordance with the procedure set forth above, and Sunrise shall have a Right of First Refusal, as set forth above, on such changed terms.

4.4. Extinguishment of Right of First Refusal. Sunrise's right of first refusal shall be extinguished as to any Proposed Transfer if, and only if (a) the Proposed Transfer presented to Sunrise is a valid bona fide and binding third party written offer from an entity which is not a governmental unit or political subdivision of the State of California, (b) Sunrise

fails to exercise its right of first refusal within the thirty (30) calendar day period provided in Section 4.3 above, and (c) the Proposed Transfer is consummated in strict conformity with the terms described in the Proposed Transfer Notice within the sixty (60) calendar day period provided in Section 4.3 above. Failure by Sunrise to exercise its right of first refusal with respect to any particular Proposed Transfer shall in no way extinguish or otherwise limit such right with respect to any other Proposed Transfer or with respect to any portion of the Property that is not the subject of such Proposed Transfer. Further, the extinguishment of Sunrise's right of first refusal shall in no way extinguish or otherwise limit the Option granted to Sunrise pursuant to Section 1 above.

4.5. Exercise of Right of First Refusal. Sunrise may exercise its right of first refusal as provided above by written notice to City within the thirty (30) calendar day period provided in Section 4.3 above. Within ten (10) calendar days after City's receipt of Sunrise's notice of exercise, an escrow shall be opened at an escrow company selected by Sunrise, which escrow shall have a time limit of ninety (90) calendar days. City shall transfer its interest in the Proposed Transfer Property through said escrow to Sunrise or Sunrise's nominee, subject only to real property taxes which are a lien not yet delinquent and covenants, conditions, restrictions, reservations, easements and rights of record at the time City delivered the Proposed Transfer Notice to Sunrise pursuant to Section 4.2.1 above and any other items consented to in writing by Sunrise. City and Sunrise, or Sunrise's nominee, shall each pay one-half (1/2) of the escrow fees; City shall pay for any transfer tax; if the transfer is in fee, City shall pay for a California Land Title Association standard coverage form policy of title insurance issued by a title company satisfactory to Sunrise or its nominee showing fee title vested in Sunrise or its nominee in the condition set forth above; and Sunrise or its nominee shall pay the recording fee for any instruments which are recorded through such escrow.

5. Modifications. No modifications of this Agreement shall be effective unless set forth in writing and signed by both Parties.

6. Further Assurances. Each Party shall execute such other and further documents as may be necessary or proper in order to consummate the transaction contemplated by this Agreement.

7. Attorney's Fees. Should either Party institute any action or proceeding to enforce any provision of this Agreement or for damages by reason of an alleged breach of any provision of this Agreement, the prevailing Party shall be entitled to recover its costs and reasonable attorneys' fees. The term "**prevailing Party**" as used in this Section shall include, without limitation, any Party who was made a defendant in litigation in which damages or other relief or both, may be sought against such Party and a final judgment or dismissal or decree is entered in such litigation in favor of such Party defendant.

8. Memorandum of Option. Concurrently with the execution hereof, Sunrise and City shall execute, acknowledge and deliver to Escrow Holder a Memorandum of this Option for recordation in the Official Records of Orange County, California.

9. Entire Agreement. The terms of this Agreement constitute the entire agreement between the Parties pertaining to the subject matter hereof, and all prior or contemporaneous

agreements, representations, negotiations and understandings of the Parties, whether oral or written, are hereby superseded and merged herein.

10. Notices. Any notice to be given hereunder to either Party or to Escrow Holder shall be in writing and shall be given either by personal delivery or by depositing such notice in the United States mail, certified, with return receipt requested, postage prepaid and addressed as follows:

If to City:	The City Of Buena Park 6650 Beach Boulevard Buena Park, California 90620 Attention: Executive Director
with a copy to:	James L. Markman, Attorney at Law Richards Watson & Gershon Number One Civic Center Circle Brea, California 92821
If to Sunrise:	Sunrise Buena Park, L.P. c/o Pritzker Realty Group 200 West Madison Street, 37th Floor Chicago, Illinois 60606 Attention: John Kevin Poorman, Esq.
and:	Rosalind J. Schurgin c/o The Festival Companies 9841 Airport Boulevard, Suite 700 Los Angeles, California 90045
with a copy to:	Allen Matkins Leck Gamble & Mallory LLP 1900 Main Street, 5th Floor Irvine, California 92614-7321 Attention: Michael Joyce, Esq.
Escrow Holder:	First American Title Insurance Company One First American Way Santa Ana, California 92707 Attention: Escrow Department Order No. _____

Either Party and Escrow Holder may, by written notice to the other and to Escrow Holder, designate a different address which shall be substituted for the one specified above. If any notice or other document shall be sent by certified mail as set forth above, it shall be deemed to have been effectively served or delivered two (2) business days following the deposit of such notice in the United States mail in the manner set forth above. Whenever notice, approval or disapproval must be given to Escrow Holder or written instruments or other matters delivered to Escrow Holder and Escrow Holder is closed on the last day for taking such action; then the Parties shall



have until noon of the first following regular business day Escrow Holder is open to take such action.

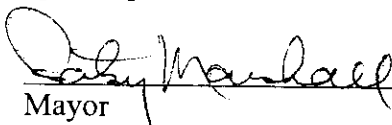
11. Binding Effect; Specific Performance. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successive owners, and assigns of the Parties. It is hereby expressly agreed that specific performance is an appropriate remedy in the event of the breach of this Agreement.

12. Successors and Assigns; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto. This Agreement may be assigned by Sunrise to any purchaser or transferee to whom Sunrise conveys its interest in and to the Sunrise Property or a legal parcel consisting of a portion of the Sunrise Property. Any assignee shall succeed to all of the rights and remedies of Sunrise hereunder.

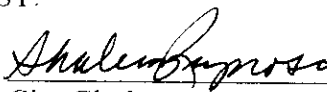
*[Signatures on following page]*

Sunrise and City have executed this Agreement as of the date first set forth above.

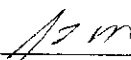
THE CITY OF BUENA PARK,  
a municipal corporation

By:   
Mayor

ATTEST:

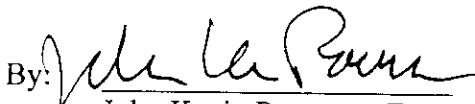
By:   
City Clerk

APPROVED AS TO FORM:

  
Attorney for The City of Buena Park

SUNRISE BUENA PARK, L.P.,  
a Delaware limited partnership

By: SP Buena Park, Inc., a Delaware  
corporation, its sole general partner

By:   
John Kevin Poorman, Esq.  
Vice President

**SCHEDULE "1"**

**LEGAL DESCRIPTION OF THE SUNRISE PROPERTY**

Parcels 1, 2, 4, 5 and 6 in the City of Buena Park, County of Orange, State of California, as shown on a Map filed in Book 115, Pages 23 to 27, inclusive, of Parcel Maps, as amended by Certificate of Correction recorded October 29, 1980 as Instrument No. 44376 in Book 13811, Page 339 of Official Records, in the Office of the County Recorder of said County.

SCHEDULE "2"

DESCRIPTION OF PROPERTY CONVEYED BY SUNRISE TO CITY

**PSOMAS**

LEGAL DESCRIPTION

EXHIBIT "A"

1  
2  
3  
4 That portion of Parcels 1 and 2 in the City of Buena Park, County of Orange, State of  
5 California, as per map filed in Book 115, Pages 23-27 of Parcel Maps, in the Office of the  
6 County Recorder of said County, described as follows:  
7

8 Beginning at a spike and washer tagged LS 3258, marking the southerly terminus of that  
9 course in the westerly line of Parcel 3 of said Parcel Map shown as North 00°14'20" West  
10 771.07 feet, distant South 00°13'20" East 770.90 feet from a spike with no washer  
11 marking the northerly terminus of said course; thence North 00°14'20" West 34.00 feet  
12 along said course; thence North 90°00'00" West 43.63 feet to the **True Point of**  
13 **Beginning**; thence South 00°00'00" West 340.68 feet to the southerly line of said Parcel  
14 1; thence South 89°42'28" West 920.90 feet along said southerly line to the southwestly  
15 corner of said Parcel 1; thence North 00°14'20" West 460.53 feet along the westerly line  
16 of said Parcel 1; thence North 90°00'00" East 79.90 feet; thence South 45°00'00" East  
17 18.95 feet to the beginning of a non-tangent curve concave northeasterly having a radius  
18 of 463.43 feet, a radial line to said beginning of curve bears South 37°05'17" West;  
19 thence southeasterly 144.93 feet along said curve through a central angle of 17°55'05";  
20 thence South 70°49'48" East 44.03 feet; thence North 62°37'23" East 90.37 feet; thence  
21 North 00°00'00" East 68.76 feet; thence North 90°00'00" East 63.08 feet; thence  
22 South 00°00'00" West 68.76 feet; thence South 49°32'37" East 99.48 feet to the  
23 beginning of a non-tangent curve concave northerly having a radius of 408.00 feet, a  
24 radial line to said beginning of curve bears South 15°18'33" East; thence easterly 59.85  
25 feet along said curve through a central angle of 08°24'17"; thence North 66°17'10" East  
26 24.75 feet; thence South 90°00'00" East 14.19 feet; thence North 47°30'09" East 17.72  
27 feet; thence South 44°59'50" East 25.33 feet to the beginning of a non-tangent curve  
28 concave northerly having a radius of 452.72 feet, a radial line to said beginning of curve  
29 bears South 28°27'16" East; thence southwestly, westerly and northwestly 571.68  
30 feet along said curve through a central angle of 72°21'03"; thence South 90°00'00" West  
31 61.01 feet; thence South 00°00'00" West 179.95 feet; thence South 90°00'00" East 111.87

# PSOMAS

1 feet; thence South 00°00'00" West 194.45 feet; thence North 89°32'48" East 170.67 feet;  
2 thence South 00°25'51" East 15.25 feet; thence North 89°26'37" East 266.91 feet; thence  
3 North 00°25'51" West 14.89 feet; thence North 89°31'24" East 58.30 feet; thence  
4 North 00°00'00" East 138.23 feet; thence North 07°30'49" East 56.12 feet to the  
5 beginning of a non-tangent curve concave southeasterly having a radius of 13.88 feet, a  
6 radial line to said beginning of curve bears North 82°29'14" West; thence northeasterly  
7 7.71 feet along said curve through a central angle of 31°49'47"; thence  
8 North 45°00'00" East 50.62 feet; thence North 44°59'50" West 93.61 feet; thence  
9 North 44°59'52" East 52.68 feet; thence North 90°00'00" East 9.69 feet; thence South  
10 44°59'50" East 87.39 feet; thence North 90°00'00" East 211.59 feet to the **True Point of**  
11 **Beginning.**

12  
13 Containing 196,600 square feet or 4.513 acres, more or less.

14  
15 As shown on Exhibit "B" attached hereto and by this reference made a part hereof.

16  
17 City Parcel dimensions are approximate only and subject to adjustment by owner prior to  
18 acquisition by City.

19  
20 This legal description is not intended for use in the division and or conveyance of land in  
21 violation of the Subdivision Map Act of the State of California.

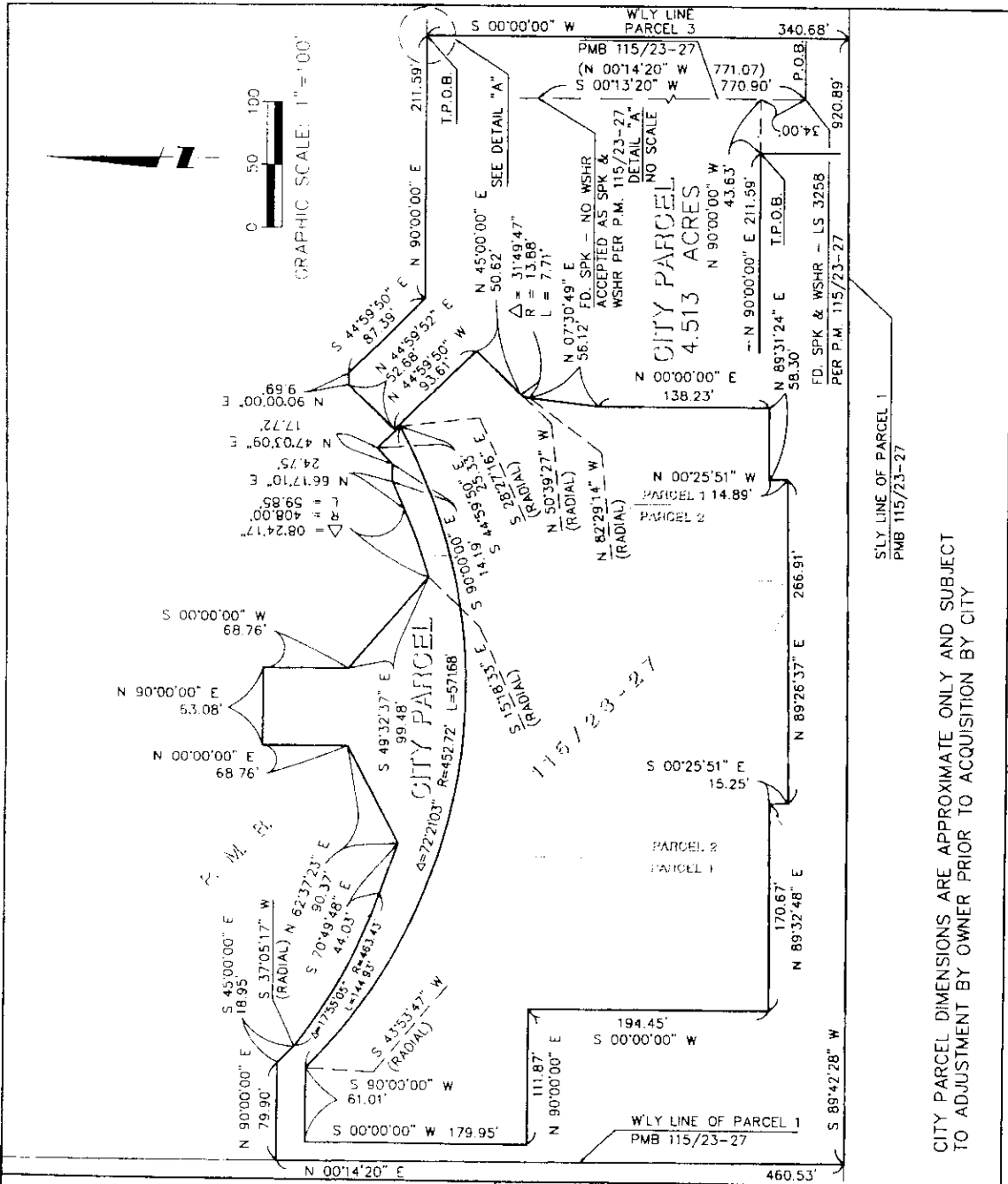
22  
23 Prepared under my supervision

24 \_\_\_\_\_  
25 Walter A. Sheek P.L.S. 4838 Date

26 Expires 09/30/04



# EXHIBIT "B"



CITY PARCEL DIMENSIONS ARE APPROXIMATE ONLY AND SUBJECT TO ADJUSTMENT BY OWNER PRIOR TO ACQUISITION BY CITY

## PSOMAS

3187 Red Hill Avenue  
 Suite 250  
 Costa Mesa, CA 92626  
 (714) 751-7373 Fax (714) 445-8883

### CITY PARCEL LEGAL DESCRIPTION

Proj No: 2FES0118 TASK 5	Date: 05/08/02
Drawn By: LL	Chk By: WAS
Scale: 1" = 100'	Sheet: 1 OF 1

Plotted: 05/09/02 16:32:09 M:\2FES011800\survey\task5\Design\city-parcel.dwg LL

Allen Matkins Leck Gamble & Mallory LLP  
*attorneys at law*

Allen Matkins

1900 Main Street 5th Floor Irvine California 92614-7321  
telephone. 949 553 1313 facsimile. 949 553 8354 www.allenmatkins.com

writer. R. Michael Joyce t. 949 851 5434  
file number. S8325-004/OC684884.01 e. mjoyce@allenmatkins.com

December 4, 2003

Ms. May Wong Hui  
Economic Development Director  
City of Buena Park  
6650 Beach Blvd.  
P.O. Box 5009  
Buena Park, CA 90622-5009

Re: Buena Park Mall

Dear May:

Enclosed are copies of the recorded Memorandum of Option Agreement and Right of First Refusal and the Management Agreement for Public Facilities.

Very truly yours,



R. Michael Joyce

RMJ:pal  
Enclosures

RECORDED AT THE REQUEST OF  
CHICAGO TITLE COMPANY

Recorded in Official Records, County of Orange  
Tom Daly, Clerk-Recorder

~~RECORDING REQUESTED BY~~  
AND WHEN RECORDED MAIL TO:



NO FEE

2003001406325 04:30pm 11/19/03

ALLEN MATKINS LECK GAMBLE  
& MALLORY LLP  
1900 Main Street, 5th Floor  
Irvine, California 92614-7321

102 122 A12 16  
0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00

Attention: R. Michael Joyce

EXEMPT FROM RECORDING FEES  
R&T CODE 11922

(Space Above For Recorder's Use)

**MANAGEMENT AGREEMENT FOR PUBLIC FACILITIES**

This MANAGEMENT AGREEMENT FOR PUBLIC FACILITIES ("Management Agreement") dated as of October 22, 2003 is between the CITY OF BUENA PARK, a municipal corporation ("City") and SUNRISE BUENA PARK, L.P., a Delaware limited partnership (herein "Property Manager").

Accom - MOTSC

RECITALS:

- A. Property Manager is the fee owner of a portion of a commercial retail regional shopping mall known as the "Buena Park Mall" ("Mall").
- B. Prior to the date hereof, the City, as the legislative body of the District, caused the District to be formed as a Community Facilities District pursuant to the CFD Act. The District has caused the Bonds to be sold to finance the acquisition of the Public Facilities.
- C. Property Manager has caused to be completed the Public Facilities and has conveyed the Public Facilities to the City pursuant to the Funding and Acquisition Agreement.
- D. City desires to contract for and obtain the services of Property Manager for the management, operation, supervision, and maintenance of the Public Facilities.
- E. Property Manager desires to render such services to the City without expense to the City.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

- 1. DEFINITIONS. For purposes of this Agreement:

"Bonds" is defined in Section 10 (a) hereof.

"CFD Act" shall mean the Mello-Roos Community Facilities Act of 1982, as amended (Government Code Section 53311 *et seq.*).

This document filed for record as  
an accommodation only. It has not  
been examined as to its execution  
or as to its effect upon the title.



"**District**" shall mean Community Facilities District No. 2001-1 (Buena Park Mall).

"**Event of Default**" is defined in Section 9 hereof.

"**Fiscal Year**" shall mean the fiscal year of the City.

"**Funding and Acquisition Agreement**" shall mean that certain Funding and Acquisition Agreement by and between the City and Property Manager.

"**Mall**" is defined in Recital A. above.

"**Option Agreement**" means that certain Option Agreement and Right of First Refusal by and between City and Property Manager by which Property Manager has the option to acquire the Public Facilities in accordance with and subject to the terms set forth in the Option Agreement.

"**Public Facilities**" shall mean those certain public parking facilities, public plaza areas and related improvements and amenities constructed pursuant to the Funding and Acquisition Agreement and located on the "City Parcel" more particularly described in **Exhibit "A"** attached hereto.

"**Term**" is defined in Section 10 hereof.

2. CAPITAL IMPROVEMENTS AND EQUIPMENT. Property Manager has caused the construction and completion of the Public Facilities pursuant to the Funding and Acquisition Agreement and has conveyed the Public Facilities to the City. The City has inspected such improvements and the equipment and materials thereon reasonably necessary for the use, management, and operation of the Public Facilities. Property Manager understands and agrees that the Public Facilities shall remain the sole property of City. Any repairs to or replacement of the improvements, equipment, materials, or other items which are a part of the Public Facilities are the sole financial responsibility of Property Manager hereunder and shall be considered operating expenses of Property Manager, and paid at its sole cost and expense.

3. DUTIES OF PROPERTY MANAGER. For the Term of this Agreement, Property Manager hereby agrees to perform the following services with respect to the management and operation of the Public Facilities. City hereby authorizes Property Manager to carry out the following duties subject to the provisions hereof and during the term hereof.

(a) General Duties. Property Manager shall act as City's Property Manager to direct, supervise, operate, and maintain the Public Facilities,

(i) in the most efficient, effective, and prudent manner consistent with the management and operation of comparable first class shopping centers located in Southern California.

(b) Books and Records. Property Manager agrees to maintain complete books and records in connection with its management and operation of the Public Facilities.

(i) Property Manager will make available to City at Property Manager's offices all records relating to or reflecting the operation, management, maintenance and repair of the Public Facilities. Such books and records may be maintained as part of, and need not be segregated from, the books and records maintained by Property Manager with respect to the management, maintenance and repair of the Mall and/or the common areas thereof.

(ii) All records shall be maintained for at least three (3) years. City's right to audit survives the termination of this Management Agreement for a period of one (1) year. Property Manager shall obtain City's prior written approval before disposing of any of the business records of the Public Facilities prior to the expiration of such three (3) years.

(iii) City and/or its agent shall have the right, upon reasonable request during Property Manager's normal business hours, at the City's sole cost and expense, to examine, copy and audit, for a period of up to three (3) years after the close of each Fiscal Year, any and all of the books and records preserved by Property Manager.

(c) Contracts for Operation, Maintenance and Management. In order to carry out the management, maintenance, and operational obligations of this Management Agreement, Property Manager shall enter into any necessary construction contracts, utility contracts, operation, management, maintenance and repair contracts with third party professional management companies and subcontracts, and/or amendments thereto to maintain the Public Facilities in the manner required herein. To the extent applicable, all such documents shall comply with all applicable laws.

(d) Deleted.

(e) Repairs; Maintenance. Property Manager agrees, at its sole cost and expense, to keep the Public Facilities in good order and repair and to conduct such operation, management, maintenance and repair and to provide such security services as are reasonably necessary for the proper operation of comparable public facilities in Orange County, California.

(f) Liens. Unless otherwise approved in writing by City, Property Manager shall not suffer any mechanic's or materialman's lien to be filed against the Public Facilities by reason of work, labor, services or materials provided or furnished hereunder by or to Property Manager. Property Manager shall have the right to contest in good faith any mechanic's or materialman's lien filed against the Public Facilities provided that Property Manager prosecutes such contest with diligence.

(g) Special Events and Commercial Displays. Property Manager is authorized to permit the installation of incidental pay phones, ticket and ATM machines and advertising facilities, subject to the terms and restrictions of all applicable City ordinances applicable thereto to and for the benefit of the City. All income from said uses shall inure to the City and shall be used by the City to pay the actual out-of-pocket

costs incurred by the Property Manager to unrelated third parties in connection with the operation and maintenance of the Public Facilities, all within the limitations of Subparagraph (h) below.

(h) Income to Offset Expenses. Notwithstanding anything herein to the contrary, in no event shall any charge, fee or other source of revenue received by Property Manager on behalf of the City with respect to the Public Facilities exceed the actual, out-of-pocket costs and expenses incurred by Property Manager for goods and services provided by third parties unrelated to the Property Manager in connection with the performance of its obligations hereunder. All such charges, fees and revenue shall be used solely to offset such costs and expenses including costs of Section 4 below.

4. PROPERTY MANAGER'S EXPENSES. Property Manager further agrees to pay all operating expenses at its sole cost and expense.

(a) Such expenses include, but are not limited to:

(i) Gross salaries and wages of all on-site personnel for work performed at the Public Facilities, including manager, assistant managers, parking attendants, cashiers, and porters, payroll taxes, including without limitation workers' compensation, unemployment insurance and social security, monetary and other fringe benefits of on-site employees, and any overtime premium wages for employees who have worked in excess of forty (40) hours per week at the Public Facilities only.

(ii) All expenses of cleaning, security, operating, maintaining and repairing the Public Facilities, including, without limitation, any and all expenses incurred for the cleaning of all surface areas, cleaning and maintaining of all parking equipment, and for the striping and line painting of all parking areas, light bulb replacement and cleaning of lenses.

(iii) Insurance premiums, deductibles, claim settlements, attorneys' fees and third party administration costs, incurred pursuant to this Management Agreement.

(iv) Costs attributable to losses arising from gross negligence or fraud on the part of Property Manager, its agents or employees.

(v) Sundry items for use at the Public Facilities, such as housekeeping supplies, and equipment, office supplies and postage.

(vi) Expenses associated with the purchase, maintenance and upkeep of directional signs and other signs for use within the Public Facilities.

(vii) Insurance premiums of the insurance coverage provided by Property Manager.

(viii) Real and personal property taxes.

(ix) Following the completion of the Public Facilities, any capital expenditures for improvements and alterations undertaken with the written consent of the City and Property Manager, including all architectural and engineering fees in connection therewith.

(x) Security expenses.

(xi) Utilities.

(xii) Payables and payroll processing, including the cost of data processing and preparation and distribution of checks.

(xiii) General accounting and reporting services within the reasonable scope of the Property Manager's responsibility to City, such as the production of each of the financial reports required to be produced by Property Manager hereunder.

(xiv) Preparation of federal and state tax returns.

(xv) Preparation of sales or similar tax returns, if any.

(xvi) Processing of all claims, including settlement, judgments, legal fees, etc.

(xvii) Property Manager's corporate business taxes and personal property taxes on the Public Facilities.

(xviii) Employment expenses incurred for the purpose of filling personnel needs at the Public Facilities such as advertising, screening tests, background checks, etc.

(xix) Equipment and fixtures related to the access, operational efficiency, customer service and revenue control, if any, of the Public Facilities, such as gate arms, if any, cashier booths, if any, clearance bars, etc.

(xx) All other expenses related to the maintenance and operation of the Public Facilities.

(b) Notwithstanding anything hereinabove to the contrary, nothing set forth herein shall prohibit Property Manager from obtaining reimbursement for the actual and direct expenses incurred by Property Manager pursuant to the terms of this Management Agreement from any unrelated third parties. No portion of any such reimbursement shall constitute or be deemed to constituent income to the Property Manager.

5. REPORTS. Not less often than annually but not more often than quarterly, Property Manager shall provide to City a written report relating to the operation of the Public Facilities, as reasonably requested by City.

6. RESTORATION.

(a) Duties of Property Manager. If the Public Facilities or any portion thereof are damaged by any casualty covered by the insurance which Property Manager is required to maintain pursuant to the terms of this Management Agreement and Property Manager will receive insurance proceeds sufficient to cover the cost of such repairs, reconstruction and restoration, then Property Manager shall commence and diligently proceed with the work of repair, reconstruction and restoration.

(b) Availability of Insurance Proceeds. In the event of any damage or destruction of any part of the Public Facilities, Property Manager shall immediately notify the City Manager.

(c) Waiver of Subrogation. The City and Property Manager hereby release each other and shall cause their respective insurers to release the City and Property Manager, respectively, from any claims for damage to any person or to the Public Facilities that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

7. COMPLIANCE.

(a) Legal Requirements. Property Manager agrees to comply with and abide by all laws, rules, regulations, requirements, orders, notices, determinations and ordinances of any federal, state or municipal authority applicable to the Public Facilities.

(b) No Discrimination. Neither City, Property Manager nor anyone authorized to act for either shall, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Public Facilities or any portion thereof, discriminate against any person, or group of persons, on the grounds of race, color, creed, religion, handicap, sex, marital status, national origin or ancestry or establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of such Public Facilities, and Property Manager hereby agrees to comply with all laws, regulations and ordinances pertaining thereto.

(c) Inspection. Property Manager agrees from time-to-time to inspect the Public Facilities to insure compliance with federal, state, and local laws, rules, regulations and ordinances, including but not limited to, the Americans with Disabilities Act. It is understood and agreed that City is relying on Property Manager's professional expertise in operating the Public Facilities in compliance with such regulations.

8. INSURANCE. Property Manager shall, at Property Manager's expense, obtain and keep in force at all times the following insurance:

(a) Commercial General Liability Insurance. A policy of commercial general liability insurance (occurrence form) having a minimum combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence;

(b) Automobile Liability Insurance. Business automobile liability insurance having a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence and insuring Property Manager against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles; and

(c) Workers' Compensation and Employer's Liability Insurance. Workers' compensation insurance having limits not less than those required by state statute and federal statute, if applicable, and covering all persons employed by Property Manager in the conduct of its operations on the Public Facilities (including the all states endorsement and, if applicable, the volunteers endorsement), together with employer's liability insurance coverage in the amount of at least One Million Dollars (\$1,000,000).

(d) Casualty Insurance. "All Risks" Property Insurance including fire and extended coverage, vandalism and malicious mischief in an amount not less than the full replacement cost thereof of the Public Facilities.

(e) Policies in General. All policies must be in a form reasonably satisfactory to the City. Property Manager shall deliver to the City Manager certified copies of each policy evidencing the existence of the insurance required in this Section 8 and Parking/Property Manager's compliance with the provisions of this Section 8. General Liability and Automobile Liability policies under this Section 8 shall name the City as an additional insured and must also contain a provision that the insurance afforded by such policy is primary insurance and any insurance carried by the City, if any, will be excess over and non-contributing to the insurance required to be maintained by Property Manager hereunder.

9. DEFAULT. The occurrence of any one (1) or more of the following events will be deemed to be a "**Event of Default**" hereunder:

(a) Failure by Property Manager to make any payment required pursuant to the terms of this Management Agreement within thirty (30) days after written notice thereof is delivered by City to Property Manager;

(b) Failure by Property Manager to observe or perform any of the other covenants or provisions of this Management Agreement where such failure continues for a period of sixty (60) days after written notice thereof from City to Property Manager; provided, however, if the nature of such default is such that more than sixty (60) days are reasonably required for its cure, then no Event of Default shall be deemed to have occurred in the event that Property Manager commences such cure within such sixty (60) day period and thereafter diligently prosecutes such cure to completion.

10. TERM OF AGREEMENT.

(a) Term. The term of this Management Agreement ("**Term**") shall become effective with the completion of the construction of the Public Facilities and the purchase thereof by the City pursuant to the terms of the Funding and Acquisition Agreement, and shall continue in full force and effect until the payment in full of Buena Park Community Facilities District No. 2001-1 Special Tax Bonds, Series 2002 and any bonds issued in connection with the refunding of such bonds (the "**Bonds**"). Upon the expiration of the Term, this Management Agreement shall be renewed for successive five (5) year terms unless this Management Agreement shall be otherwise terminated pursuant to the terms of subsection (b) below.

(b) Termination. Notwithstanding Section 10(a) above, this Management Agreement may be terminated, and the obligations of the parties hereunder shall thereupon cease:

(i) upon the occurrence of an Event of Default and Property Manager's failure to cure any such Event of Default within thirty (30) days of written notice following the date of the occurrence thereof;

(ii) upon the written agreement of the parties hereto;

(iii) sixty (60) days following written notice to Property Manager that the Public Facilities are no longer available for use as public parking facilities and public plaza areas except to the extent such use is prevented as a result of any casualty or by reason of any necessary repairs or maintenance to the Public Facilities.

(c) Authority Termination; Final Accounting. Upon the effective date of expiration of the Term of this Management Agreement, or earlier termination pursuant to the terms of Section 10(b) above, the authority created hereby shall immediately cease and Property Manager shall have no further right to act for City. Upon such expiration or earlier termination, Property Manager agrees to fulfill all reporting and accounting functions hereunder for the period from the end of that covered by the last such report or accounting until the date of expiration or termination. On the termination date, Property Manager shall also immediately:

(i) surrender and deliver up to City possession of the Public Facilities;

(ii) deliver to City all materials and supplies, keys, contracts and documents, and such other accounting papers and records pertaining to this Management Agreement as the City shall reasonably request;

(iii) assign any right Property Manager may have in and to any existing contracts relating to the operation and maintenance of the Public Facilities as the City shall reasonably require;

(iv) deliver to City copies of current maintenance and service contracts pertaining to the operation of the Public Facilities;

(v) provide to City a list of all vendors, including names and addresses, for all providers of equipment and services for the Public Facilities; and

(vi) deliver to City a comprehensive list of all open insurance claims, including the status of each.

11. COMPENSATION. Property Manager agrees there is and shall be no management fee payable by the City for Property Manager's services in connection with the operation and management of the Public Facilities during the term hereof.

12. NOTICES. Any notice required or permitted to be delivered hereunder shall be in writing and shall be mailed, postage prepaid, registered or certified mail, return receipt requested. Notices shall be deemed delivered three days after the date of mailing thereof or on the date of actual receipt if earlier. Notices shall be addressed as follows:

If to Property Manager: Sunrise Buena Park, L.P.  
c/o of Pritzker Realty Group  
200 West Madison Street, 37<sup>th</sup> Floor  
Chicago, IL 60606  
Attention: John Kevin Poorman, Esq.  
Vice President

With a copy to: c/o The Festival Companies  
9841 Airport Boulevard, Suite 700  
Los Angeles, CA 90045  
Attention: General Counsel

If to City: City of Buena Park  
6650 Beach Boulevard  
Buena Park, California 90621  
Attention: City Manager

or in each case to such other address as either party may from time to time designate in writing.

13. MISCELLANEOUS.

(a) Entire Agreement. This Management Agreement contains the entire agreement between the parties with respect to the subject matter hereof, and no alteration, modification, or interpretation hereof shall be binding unless in writing and signed by both parties.

(b) Severability. If any provision of this Management Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable of any extent, the remainder of this



Management Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

(c) Applicable Law. This Management Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to conflicts of laws provisions thereof.

(d) Assignability. Property Manager shall not assign this Management Agreement without first obtaining City's written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Property Manager shall have the right to assign this Management Agreement without the City's written consent to any successor owner of any portion of the Mall constituting a legal parcel provided that any such successor shall assume in writing the obligations of the Property Manager hereunder. Upon such assignment and assumption, Property Manager shall be relieved of any further obligations arising under this Agreement following such assignment. Further notwithstanding the foregoing, Property Manager shall have the right to collaterally assign its interest in this Management Agreement without the City's consent.

(e) Property Manager's Authority Limited. Property Manager's authority shall be derived wholly from this Management Agreement, and Property Manager has no authority to act for or represent City except as herein specified.

(f) Relationship. Nothing contained in this Management Agreement shall be construed to create a relationship of employer and employee between Property Manager and City, it being the intent of the parties hereto that the relationship created hereby is solely that of an independent contractor. Nothing contained herein shall be deemed to constitute City and Property Manager as partners or joint venturers.

(g) Successors Bound. This Management Agreement shall be binding upon and inure to the benefit of Property Manager and its permitted assigns.

(h) Time. Time is of the essence with respect to this Management Agreement.

(i) Attorneys' Fees. In the event of litigation arising out of this Management Agreement, the prevailing party shall be entitled to reasonable costs and expenses, including without limitation, attorneys' fees.

(j) Professionals. Property Manager may retain attorneys, accountants, engineers, architects and other professionals to render services in connection with the performance of Property Manager's obligations under this Management Agreement.

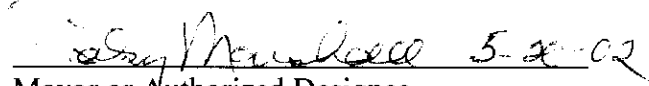
(k) Counterparts. This Management Agreement may be executed in counterparts and may be delivered by facsimile or otherwise.

IN WITNESS WHEREOF, City and Property Manager have executed this Management Agreement for Public Facilities with an effective date as set forth in the first paragraph above.

"CITY"

CITY OF BUENA PARK,  
a municipal corporation

By:


  
Mayor or Authorized Designee

ATTEST:

City Clerk



APPROVED AS TO FORM:


  
Special Counsel to the City

"PROPERTY MANAGER"

SUNRISE BUENA PARK, L.P., a Delaware  
limited partnership

By: SP Buena Park, Inc., a Delaware  
corporation, its sole general partner

By:

  
John Kevin Poorman, Esq.  
Vice President

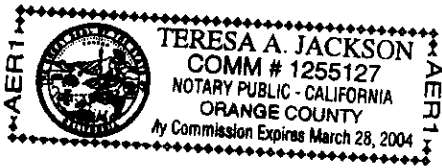
Exhibits

Exhibit "A" Description of the Public Facilities

STATE OF CALIFORNIA            )  
  )  ss  
COUNTY OF ORANGE            )

On May 20, 2002, before me, Teresa A. Jackson, a Notary Public, personally appeared Patsy Marshall and Shalice Reynoso, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.



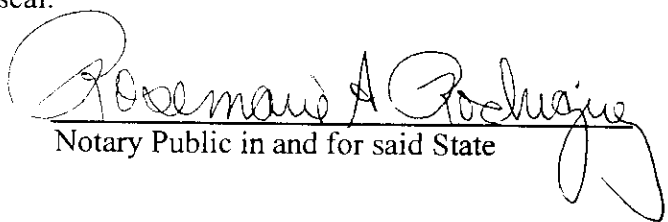
*Teresa A. Jackson*  
\_\_\_\_\_  
Signature of Notary Public

Seal

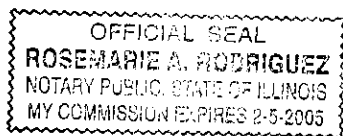
STATE OF Illinois )  
 ) ss.  
COUNTY OF Cook )

On April 19<sup>th</sup>, 2002, before me, Rosemarie Rodriguez, a Notary Public in and for said state, personally appeared John Kevin Poorman, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
Notary Public in and for said State

(SEAL)



I CERTIFY UNDER THE PENALTY OF PERJURY THAT THE  
NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT  
IS ATTACHED READ AS FOLLOWS:

NAME OF NOTARY: ROSEMARIE A. RODRIGUEZ

DATE COMMISSION EXPIRES: 2/5/2005

COMMISSION NUMBER:

VENDOR NUMBER:

COUNTY WHERE BOND IS FILED: COOK, ILLINOIS

PLACE OF EXECUTION: IRVINE, CA.

DATE: 11/19/03

BY:



\_\_\_\_\_  
CHICAGO TITLE COMPANY

# PSOMAS

## DESCRIPTION OF THE PUBLIC FACILITIES

### Exhibit "A"

In the City of Buena Park, County of Orange, State of California, being that portion of  
Parcels A and B of Lot Line Adjustment No. 01-02 recorded June 5, 2002 as Instrument  
No. 20020470527 of Official Records, in the Office of the County Recorder of said  
County, described as follows:

Commencing at the northwest corner of Parcel 1 of the Parcel Map filed in Book 115,  
Pages 23 through 27, inclusive, of Parcel Maps in the office of the County Recorder of  
said county; thence South  $00^{\circ}14'20''$  East 793.18 feet along the westerly line of said  
Parcel 1 to the **True Point of Beginning**; thence North  $89^{\circ}46'01''$  East 41.91 feet; thence  
South  $60^{\circ}15'00''$  East 271.46 feet; thence North  $89^{\circ}46'01''$  East 10.41 feet to a non-  
tangent curve concave southeasterly having a radius of 9.00 feet, a radial line to said  
curve bears South  $89^{\circ}46'01''$  West; thence northeasterly along said curve 21.21 feet  
through a central angle of  $135^{\circ}00'00''$ ; thence North  $44^{\circ}46'01''$  East 20.02 feet; thence  
North  $0^{\circ}13'59''$  West 30.48 feet; thence North  $89^{\circ}46'01''$  East 20.00 feet; thence  
South  $0^{\circ}13'59''$  East 17.50 feet; thence North  $89^{\circ}46'01''$  East 75.99 feet; thence  
North  $0^{\circ}13'59''$  West 17.50 feet; thence North  $89^{\circ}46'01''$  East 20.00 feet; thence  
South  $0^{\circ}13'59''$  East 33.31 feet; thence North  $89^{\circ}46'01''$  East 16.03 feet to a curve  
concave southwesterly having a radius of 9.00 feet; thence southeasterly along said curve  
11.31 feet through a central angle of  $72^{\circ}00'00''$ ; thence South  $18^{\circ}13'59''$  East 20.35 feet;  
thence North  $70^{\circ}41'38''$  East 119.15 feet; thence South  $19^{\circ}18'22''$  East 15.00 feet; thence  
South  $70^{\circ}41'38''$  West 129.47 feet; thence North  $45^{\circ}00'00''$  West 16.39 feet to a non-  
tangent curve concave northerly having a having a radius of 311.05 feet, a radial line to  
said curve bears South  $14^{\circ}00'41''$  East; thence westerly along said curve 149.11 feet  
through a central angle of  $27^{\circ}27'56''$ ; thence South  $44^{\circ}26'34''$  West 14.79 feet; thence  
North  $60^{\circ}15'00''$  West 253.83 feet to a curve concave southerly having a radius of  
40.00 feet; thence westerly along said curve 52.13 feet through a central angle of  
 $74^{\circ}40'01''$ ; thence South  $0^{\circ}17'32''$  East 320.31 feet; thence North  $89^{\circ}42'28''$  East  
109.00 feet; thence South  $0^{\circ}17'32''$  East 43.38 feet; thence North  $89^{\circ}42'28''$  East

# PSOMAS

1 177.33 feet; thence South 0°17'32" East 17.00 feet; thence North 89°42'28" East  
2 261.95 feet; thence North 0°17'32" West 17.00 feet; thence North 89°42'28" East  
3 51.56 feet; thence North 0°17'32" West 144.54 feet; thence South 89°42'28" West  
4 24.52 feet; thence North 0°17'32" West 28.28 feet; thence North 89°42'28" East  
5 42.93 feet; thence North 0°17'32" West 44.00 feet; thence North 59°42'28" East  
6 119.55 feet; thence EAST 179.06 feet; thence SOUTH 340.68 feet to the southerly line  
7 of said Parcel 1; thence South 89°42'28" West 920.88 feet along said southerly line to the  
8 southwesterly corner thereof; thence North 0°14'20" West 468.15 feet along the westerly  
9 line of said Parcel 1 to the **True Point of Beginning**.

10  
11 Containing 163,211 square feet / 3.747 acres, more or less.

12  
13 See Exhibit "B" attached hereto and made a part hereof.

14  
15 Prepared by:

16  
17  
18 Jeremy L. Evans

19 Jeremy L. Evans, L.S. 5282

October 3, 2003

Date







# **DISPOSITION AND DEVELOPMENT AGREEMENT**

by and between

the COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF BUENA PARK

and

THE SOURCE AT BEACH, LLC

## DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the or this "Agreement") is dated as of October 26, 2010 and is entered into by and between the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK, a public body, corporate and politic (the "Agency"), and THE SOURCE AT BEACH, LLC, a California limited liability company (including any permitted successors and assigns, "Developer").

### RECITALS

A. The City Council of the City of Buena Park (the "City") has adopted a Redevelopment Plan for the Agency's Buena Park Consolidated Redevelopment Project Area (as amended from time to time, such redevelopment plan is hereinafter referred to as the "Redevelopment Plan" and such project area is hereinafter referred to as the "Project Area"). Pursuant to authority granted under California law, the Agency has the responsibility to implement the Redevelopment Plan, which affects and controls the development and use of real property in the Project Area.

B. The purpose of this Agreement is to effectuate the Redevelopment Plan by facilitating improvements to certain land owned (or to be acquired) by the Developer within the Project Area that is described on Exhibits "A", "A-1" and "A-2" attached hereto (collectively, the "Land"). The Land and the improvements to be constructed thereon (including the improvements described in the Scope of Development attached hereto as Exhibit "C") are hereinafter collectively referred to as the "Project."

C. Construction of each phase of the improvements (which will be developed in three phases, will generally consist of approximately 428,000 square feet of retail space including a movie theatre, a spa, entertainment uses and retail stores and required parking ("Phase I"), approximately 193,220 square feet of office space and required parking ("Phase II") and a Mobil 3-5 star voted or AAA 3-5 diamond voted full service hotel, and all required parking ("Phase III"), will assist in the elimination of blight in the Project Area, provide additional jobs, encourage new investment, and otherwise substantially improve the economic and physical conditions in the Project Area, all in accordance with the purposes and goals of the Redevelopment Plan.

D. The land uses contemplated by this Agreement are consistent with the provisions of the Redevelopment Plan and with (i) the Beach and Orangethorpe Mixed-Use Specific Plan (Specific Plan No. SPC08-002) as amended (the "Specific Plan") and (ii) that certain "Development Agreement No. DA 08-003 Concerning Property Located at 6940 Beach Boulevard, Buena Park, California" entered into by and between 6940 Beach LLC, a California limited liability company, which was recorded on November 17, 2008 as Document No. 000537057 in the Official Records of Orange County, California (the "Development Agreement").

E. A material inducement to the Agency to enter into this Agreement is the agreement by Developer to develop the Project as provided herein.

## AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants contained in this Agreement, the parties hereto agree as follows:

### 1. DEFINITIONS.

1.1 Definitions. The following capitalized terms used in this Agreement shall have the meanings set forth below:

1.1.1 “Agency” means the Community Redevelopment Agency of the City of Buena Park, a public body, corporate and politic, organized and existing under the Community Redevelopment Law of the State of California.

1.1.2 “Agency Land” means the land described on Exhibit “A”.

1.1.3 “Agreement” means this Disposition and Development Agreement.

1.1.4 “Approved Title Exceptions” is defined in Section 2.4.1.

1.1.5 “Building Permit” means, collectively, any and all permits necessary to grade land and construct the Phase I Improvements that would be issued by the City.

1.1.6 “Certificate of Completion” means, as to each Phase, the certificate described in Section 3.11.

1.1.7 “City” means the City of Buena Park, a municipal corporation.

1.1.8 “Close of Escrow” is defined in Section 2.3.

1.1.9 “Construction Contract” is defined in Section 3.3.

1.1.10 “Construction Loan” is defined in Section 3.4.

1.1.11 “Default” is defined in Section 7.1.

1.1.12 “Development Agreement” is defined in Recital D above.

1.1.13 “Escrow” is defined in Section 2.3.

1.1.14 “Escrow Holder” means First American Title Insurance Company at 2 First American Way, Santa Ana, California 92707, Attn: Robert C. Benavente, Escrow Officer (714/250-4721).

1.1.15 “Executive Director” means the Executive Director of the Agency.

1.1.16 “FIRPTA Certificate” is defined in Section 2.8.1.3.

1.1.17 "Force Majeure Delay" is defined in Section 7.7.

1.1.18 "General Contractor" is defined in Section 3.3.

1.1.19 "Grant Deed" is defined in Section 2.8.1.1.

1.1.20 "Hazardous Materials" means any chemical, material or substance now or hereafter defined as or included in the definition of hazardous substances, hazardous wastes, hazardous materials, extremely hazardous waste, restricted hazardous waste, toxic substances, pollutant or contaminant, imminently hazardous chemical substance or mixture, hazardous air pollutant, toxic pollutant, or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Land, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. ("CERCLA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, et seq. ("RCRA") The term Hazardous Materials shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR. Part 302) and in any and all amendments thereto in effect as of the Close of Escrow Date; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by product material as defined at 42 U.S.C. 2011, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Land, to adjacent properties, or to persons on or about the Land, (ii) which causes the Land to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Land requires investigation, reporting or remediation under any such laws or regulations.

1.1.21 "Improvements" means all buildings, landscaping, infrastructure, utilities, and other improvements described in the Scope of Development.

1.1.22 "Land" means the land described on Exhibits "A", "A-1" and "A-2" attached hereto (it being understood that the Agency Land described in Exhibit "A" is the land to be sold by Agency to Developer hereunder, but the Improvements for Phase I are to be constructed on the Agency Land, the land described on Exhibit "A-1" currently owned by Developer, and the adjacent land described in Exhibit "A-1" that is yet to be acquired by Developer).

1.1.23 "Party" means any party to this Agreement, and "Parties" means all parties to this Agreement.

1.1.24 "Permitted Exceptions" is defined in Section 2.3.2.

1.1.25 "Phase" shall mean a phase of the Development described in the Scope of Development (i.e., Phase I, Phase II and Phase III).

1.1.26 "Phase I" shall mean the Agency Land, the land described on Exhibit "A-1", and the Phase I Improvements described in the Scope of Development attached hereto as on Exhibit "C".

1.1.27 "Phase I Project Budget" is defined in Section 2.4.5.

1.1.28 "Plans and Specifications" means all drawings, landscaping and grading plans, engineering drawings, final construction drawings, and any other plans or specifications for construction of Improvements, which shall be submitted to both the City and the Agency for approval.

1.1.29 "Project" means the Land and the Improvements.

1.1.30 "Project Area" is defined in Recital A.

1.1.31 "Redevelopment Plan" is defined in Recital A.

1.1.32 "Released Parties" is defined in Section 2.6.3.

1.1.33 "Schedule of Performance" means the schedule attached hereto as Exhibit "B".

1.1.34 "Scope of Development" means the description of the Improvements in Exhibit "C" attached hereto.

1.1.35 "Specific Plan" is defined in Recital D above.

1.1.36 "Title Company" shall mean First American Title Insurance Company, 10535 Foothill Boulevard, Suite 382, Rancho Cucamonga, CA 91730, Attn: Ed Luque, Title Officer (909/257-3960).

1.1.37 "Transfer" is defined in Article 5.

1.1.38 "Withholding Affidavit" is defined in Section 2.7.1.2.

## 2. PURCHASE AND SALE OF LAND.

2.1 Purchase and Sale of Land; Purchase Price. In accordance with and subject to the terms and conditions hereinafter set forth, the Agency agrees to convey the Agency Land to Developer and consideration of the covenants of Developer in this DDA, and Developer agrees to acquire the Agency Land from the Agency. The consideration for the Agency Land shall be Developer's covenants under this Agreement. No monetary payment shall be required because the Agency and the City Council have found and determined pursuant to Section 33433 of the California Health and Safety Code that the fair reuse value of the Agency Land at the use

of the California Health and Safety Code that the fair reuse value of the Agency Land at the use and with the covenants and conditions and development costs under this Agreement is zero dollars (\$0.00). Notwithstanding anything to the contrary contained herein, the Close of Escrow shall not occur until such time as the Closing Conditions, as defined in Section 2.4 below, have been satisfied.

**2.2 Opening and Closing of Escrow.** Within five (5) business days after the date this Agreement is executed by the Agency and delivered to Developer, the Agency and the Developer shall cause an escrow (the "Escrow") to be opened with Escrow Holder for the sale of the Agency Land by the Agency to Developer. The Parties shall deposit with Escrow Holder a copy of this executed Agreement as the escrow instructions for the Escrow. The Agency and Developer shall provide such additional instructions as shall be necessary and consistent with this Agreement. Provided that each of the conditions to closing described in Section 2.4 have been satisfied, Escrow shall close (the "Close of Escrow") on or before June 30, 2012 or such earlier date as may be requested by Developer. If the Close of Escrow does not occur by such date, the Party benefitted by the unsatisfied condition and which is not then in material default may terminate this Agreement by written notice to the other Party and all the funds and documents deposited with Escrow Agent by any Party not in material default shall be promptly refunded or returned, as the case may be, by Escrow Agent to the depositing party, except that all escrow and title cancellation fees shall be paid by Developer if neither party is in default, or by the defaulting party.

**2.3 Title Exceptions.**

**2.3.1** Developer shall have the right to disapprove title exceptions listed in that certain preliminary title report under Order No. OSA-3616478(18) dated October 12, 2010 issued by the Title Company on or before December 10, 2010 by written notice to Agency. Failure to give such notice shall constitute Developer's approval of the title exceptions. All such title exceptions not disapproved by Developer and deemed approved by Developer are hereinafter referred to as the "Approved Title Exceptions". If Developer disapproves any title exceptions Agency may terminate this Agreement by written notice to Developer given prior to the Close of Escrow or may cause such title exceptions to be removed or reasonably "insured over" by the Title Company (by endorsement or otherwise) at the Close of Escrow.

**2.3.2** At the Close of Escrow, the Agency shall convey title to the Agency Land to Developer by grant deed in the form attached hereto as Exhibit "D" (the "Grant Deed"). Title to the Agency Land shall be conveyed subject to: (i) all Approved Title Exceptions; and (ii) any matters which arise out of the actions of Developer or its agents and representatives (collectively, the "Permitted Exceptions").

**2.4 Conditions to Close of Escrow.**

A. The obligation of the Agency under this Agreement to close Escrow shall be subject to the satisfaction (or express written waiver by the Agency) of each of the following conditions (collectively, the "Agency Closing Conditions"), each of which is for the sole and exclusive benefit of Agency:

(1) The representations and warranties of the Developer contained in this Agreement being true and correct.

(2) The delivery by Developer of all documents and funds required to be delivered pursuant to Section 2.7 below.

(3) Developer shall have submitted to the Executive Director of the Agency, and the Executive Director shall have approved: (i) a budget for Phase I of the Project, showing line items for each type of expenditure and otherwise in a form reasonably acceptable to the Executive Director (the "Phase I Project Budget"); (ii) a construction period "sources and uses of funds" schedule for Phase I of the Project; (iii) a schedule of permanent financing for Phase I of the Project in a form acceptable to the Executive Director (and Developer shall use commercially reasonable efforts to obtain permanent financing commitments prior to the Close of Escrow); (iv) evidence satisfactory to the Executive Director that Developer has sufficient equity funds available to cover all costs in the Phase I Project Budget not covered by debt financing; and (v) certified financial statements for Developer (including a balance sheet).

(4) The Developer shall have delivered to the Agency a copy of the Construction Loan documents, including the construction loan budget for the Construction Loan, and such construction loan budget must be consistent with the Phase I Project Budget.

(5) The Construction Loan for Phase I of the Project shall have closed or shall close concurrently with the Close of Escrow.

(6) The executed Construction Contract for Phase I of the Project (or a photocopy thereof) shall have been submitted to the Executive Director and shall comply with the requirements of this Agreement pertaining thereto.

(7) The Developer shall have submitted to the Executive Director a certified copy of the LLC-1 and Operating Agreement for the Developer, and the organizational documents for the sole member of Developer, and any authorization documents reasonably required by the Executive Director.

(8) The Agency shall have received evidence reasonably acceptable to the Executive Director or its designee that the construction-period insurance required by Section 8.1 of this Agreement shall be in effect.

(9) All conditions to the issuance of the Building Permit and any and all other governmental entitlements, permits, consents or authorizations required for the development, construction, operation or use of Phase I of the Project (including subdivision, but excluding certificates of occupancy) except for the payment of any fees that will be and are paid through escrow at the Close of Escrow;

(10) If such bonds are required by the lender of the Construction Loan, the Developer shall have provided evidence to the Agency that the obligations of Developer's general contractor to construct and complete the Project (pursuant to the Construction Contract) have been bonded, or will be bonded prior to the commencement of construction, with payment and performance bonds.

(11) Developer shall have performed, observed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, observed and complied with on its part prior to or as of the Close of Escrow.

(12) Developer shall have delivered to Agency copies of executed letters of intent (or the equivalent thereof) for leases with Retailers for sixty percent (60%) of the reasonably projected usable area of the Improvements for Phase I that include all material business terms for such leases.

(13) The Executive Director of the Agency shall have received and approved the Plans and Specifications for Phase I of the Project, provided that such approval shall not be unreasonably withheld or delayed.

(14) The Executive Director of the Agency shall have received copies of Developer's title policies for all Land owned by Developer or any affiliate, and copies of current title reports for all Phase I Land not yet owned by Developer;

(15) Developer must have acquired all of the Phase I Land, as shown by copies of title policies delivered to Agency;

(16) Developer shall have completed all mitigation measures that are conditions to the issuance of the building permit(s) for Phase I, as well as all other conditions to the issuance of such building permit(s);

(17) Agency shall have acquired title to (or confirmed that it previously acquired title to) the portion of the Agency Land described in Paragraph 3 of Exhibit "A".

B. The obligation of Developer under this Agreement to close Escrow shall be subject to the satisfaction (or express written waiver by the Agency) of each of the following conditions (collectively, the "Developer Closing Conditions") each of which is for the sole and exclusive benefit of Developer:

(1) There shall have been no change to the physical condition of the Agency Land and no new title exceptions on or after October 12, 2010 that (in each case) would materially and adversely affect the development, construction, use or operation of Phase I of the Project.

(2) The delivery by the Agency of all documents required to be delivered pursuant to Section 2.7 below.

(3) The Agency and the City shall have performed, observed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, observed and complied with on their parts prior to or as of the Close of Escrow.

(4) The Title Company shall have committed to issue at the Close of Escrow a CLTA Owner's Title Insurance Policy an amount reasonably determined by Developer (not to exceed the fair market value of the Agency Land) with any endorsements reasonably



requested by Developer, showing fee simple title to the Agency Land vested in Developer (or Developer's assignee as permitted by this Agreement), subject only to the Permitted Exceptions.

## 2.5 Costs; Escrow Holder Settlement Statement.

2.5.1 Each party shall pay one-half of the escrow charges. Agency shall pay recording charges and documentary transfer taxes, if any, and the cost of the owner's CLTA title policy.

2.5.2 Escrow Holder is authorized at the Close of Escrow to pay and charge the Developer for any fees, charges and costs payable under Section 2.5.1 as set forth on the settlement statements approved by the Parties. Before such payments are made, Escrow Holder shall notify the Agency and Developer of the fees, charges, and costs necessary to close under the Escrow by delivering draft settlement statements to the Parties for their mutual approval.

## 2.6 Condition of the Property.

2.6.1 "As-Is" Sale. Developer acknowledges and agrees that, except as expressly set forth herein, Developer is acquiring the Land in its "AS IS" condition, WITH ALL FAULTS, IF ANY, AND, EXCEPT AS EXPRESSLY SET FORTH HEREIN, WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED and neither Agency nor any agents, representatives, officers, or employees of Agency have made any representations or warranties, direct or indirect, oral or written, express or implied, to Developer or any agents, representatives, or employees of Developer with respect to the condition of the Land, its fitness for any particular purpose, or its compliance with any laws, and Developer is not aware of and does not rely upon any such representation to any other party. Except as expressly set forth herein, neither Agency nor any of its representatives is making or shall be deemed to have made any express or implied representation or warranty, of any kind or nature, as to (a) the physical, legal or financial status of the Land, (b) the Land's compliance with applicable laws, (c) the accuracy or completeness of any information or data provided or to be provided by Agency, or (d) any other matter relating to the Land. Prior to the Close of Escrow, the Agency shall not cause or permit any change to the physical condition of the Agency Land or any new title exceptions on or after September 9, 2010 that would materially and adversely affect the development, construction, use or operation of Phase I of the Project.

2.6.2 Acknowledgement of Reports and Inspections. Developer acknowledges receipt of photocopies of the documents listed on Exhibit "E" attached hereto. Developer has inspected the Land and its physical characteristics and existing conditions and has observed or has had sufficient opportunity to inspect or observe, conducted or had sufficient opportunity to conduct such investigations and studies on and of said Land and adjacent areas as it deems necessary, and hereby waives any and all objections to or complaints regarding the Land and its condition, including, but not limited to, federal, state or common law based actions and any private right of action under state and federal law to which the Land is or may be subject, including, but not limited to, CERCLA (as defined in Section 1.1.20), RCRA (as defined in Section 1.1.20), physical characteristics and existing conditions, including, without limitation, structural and geologic conditions, subsurface soil and water conditions and solid and hazardous

waste and Hazardous Materials on, under, adjacent to or otherwise affecting the Land. Developer further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Land and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of Hazardous Materials or other contaminants, may not have been revealed by its investigations.

**2.6.3 Releases and Waivers.** Developer and anyone claiming by, through or under Developer hereby waives its right to recover from and fully and irrevocably releases Agency, City and their respective council members, board members, employees, officers, directors, representatives, agents, servants, attorneys, successors and assigns (“Released Parties”) from any and all claims, responsibility and/or liability that it may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any defects, errors, omissions or other conditions, latent or otherwise, and the presence in the soil, air, structures and surface and subsurface waters of materials or substances that have been or may in the future be determined to be Hazardous Materials or otherwise toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Land under current or future federal, state and local laws regulations or guidelines), valuation, salability or utility of the Land, or its suitability for any purpose whatsoever, and (ii) any information furnished by the Released Parties under or in connection with this Agreement except to the extent Agency has actual knowledge that any of the documents described in Section 2.6.2 is materially inaccurate and Developer is not otherwise aware of such material inaccuracy. This release includes claims of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer’s release to Agency. Developer specifically waives the provision of California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.”

In this connection and to the extent permitted by law, Developer hereby agrees, represents and warrants that Developer realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Developer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer nevertheless hereby intends to release, discharge and acquit Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included as a material portion of the consideration given to Agency by Developer in exchange for Agency’s performance hereunder.

Developer hereby agrees that, if at any time after the Close of Escrow any third party or any governmental agency seeks to hold Developer responsible for the presence of, or any loss, cost

or damage associated with, hazardous materials in, on, above or beneath the Land or emanating therefrom, then Developer waives any rights it may have against Agency in connection therewith, including, without limitation, under CERCLA (as defined in Section 1.1.20 and Developer agrees that it shall not (i) implead the Agency, (ii) bring a contribution action or similar action against Agency, or (iii) attempt in any way to hold Agency responsible with respect to any such matter. The provisions of this Section 2.6.3 shall survive the Close of Escrow.

Agency has given Developer material concessions regarding this transaction in exchange for Developer agreeing to the provisions of this Section 2.6.3. Agency and Developer have each initialed this Section 2.6.3 to further indicate their awareness and acceptance of each and every provision hereof.

  
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AGENCY'S INITIALS

  
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DEVELOPER'S INITIALS

2.6.4 Environmental Indemnity. From or after the Close of Escrow, Developer shall indemnify, protect, defend and hold harmless the City and the Agency, and the City's and Agency's officials, officers, attorneys, employees, consultants, agents and representatives, from and against any and all claims, liabilities, suits, losses, costs, expenses and damages, including but not limited to attorneys' fees and costs, arising directly or indirectly out of any claim for loss or damage to any property, including the Land, injuries to or death of persons, or for the cost of cleaning up the Land and removing Hazardous Materials or toxic substances, materials and waste therefrom, by reason of contamination or adverse effects on the environment, or by reason of any statutes, ordinances, orders, rules or regulations of any governmental entity or agency requiring the clean up of any Hazardous Materials caused by or resulting from any Hazardous Material, or toxic substances or waste existing on or under, any portion of the Land acquired by Developer.

2.6.5 Assignment of Claims. Concurrently with the Close of Escrow, the Agency shall conditionally assign to Developer, by an instrument reasonably satisfactory to Developer in form and content (the "Assignment of Claims"), all rights, claims and causes of action, whether known or unknown, and whether presently existing or accruing in the future, that Agency has or may have against any third party in connection with any Hazardous Material that was, is or at any time will be on, in, under or about the Land, but the assignment shall be expressly conditioned upon the Developer's continued compliance with Section 2.6.4 above.

## 2.7 Deposits into Escrow.

2.7.1 The Agency and Developer, as applicable, shall deliver to Escrow Holder prior to the Close of Escrow the following instruments and documents, the delivery of each of which shall be a condition of the Close of Escrow:

2.7.1.1 A Grant Deed duly executed and acknowledged by the Agency, in the form attached hereto as Exhibit "D" (the "Grant Deed").

2.7.1.2 The affidavit certificate contemplated by California Revenue and Taxation Code § 18662, executed by the Agency ("Withholding Affidavit");

or damage associated with, hazardous materials in, on, above or beneath the Land or emanating therefrom, then Developer waives any rights it may have against Agency in connection therewith, including, without limitation, under CERCLA (as defined in Section 1.1.20 and Developer agrees that it shall not (i) implead the Agency, (ii) bring a contribution action or similar action against Agency, or (iii) attempt in any way to hold Agency responsible with respect to any such matter. The provisions of this Section 2.6.3 shall survive the Close of Escrow.

Agency has given Developer material concessions regarding this transaction in exchange for Developer agreeing to the provisions of this Section 2.6.3. Agency and Developer have each initialed this Section 2.6.3 to further indicate their awareness and acceptance of each and every provision hereof.

\_\_\_\_\_  
AGENCY'S INITIALS

  
\_\_\_\_\_  
DEVELOPER'S INITIALS

**2.6.4 Environmental Indemnity.** From or after the Close of Escrow, Developer shall indemnify, protect, defend and hold harmless the City and the Agency, and the City's and Agency's officials, officers, attorneys, employees, consultants, agents and representatives, from and against any and all claims, liabilities, suits, losses, costs, expenses and damages, including but not limited to attorneys' fees and costs, arising directly or indirectly out of any claim for loss or damage to any property, including the Land, injuries to or death of persons, or for the cost of cleaning up the Land and removing Hazardous Materials or toxic substances, materials and waste therefrom, by reason of contamination or adverse effects on the environment, or by reason of any statutes, ordinances, orders, rules or regulations of any governmental entity or agency requiring the clean up of any Hazardous Materials caused by or resulting from any Hazardous Material, or toxic substances or waste existing on or under, any portion of the Land acquired by Developer.

**2.6.5 Assignment of Claims.** Concurrently with the Close of Escrow, the Agency shall conditionally assign to Developer, by an instrument reasonably satisfactory to Developer in form and content (the "Assignment of Claims"), all rights, claims and causes of action, whether known or unknown, and whether presently existing or accruing in the future, that Agency has or may have against any third party in connection with any Hazardous Material that was, is or at any time will be on, in, under or about the Land, but the assignment shall be expressly conditioned upon the Developer's continued compliance with Section 2.6.4 above.

**2.7 Deposits into Escrow.**

**2.7.1** The Agency and Developer, as applicable, shall deliver to Escrow Holder prior to the Close of Escrow the following instruments and documents, the delivery of each of which shall be a condition of the Close of Escrow:

**2.7.1.1** A Grant Deed duly executed and acknowledged by the Agency, in the form attached hereto as Exhibit "D" (the "Grant Deed").

**2.7.1.2** The affidavit certificate contemplated by California Revenue and Taxation Code § 18662, executed by the Agency ("Withholding Affidavit");

2.7.1.3 A Certification of Non Foreign Status in accordance with I.R.C. Section 1445, executed by the Agency (the "FIRPTA Certificate");

2.7.1.4 A Memorandum of DDA covering all Land owned by Developer (excluding the Agency Land), duly executed and acknowledged by the Agency and Developer, and in form and substance reasonably acceptable to the Agency and Developer ("Memo of DDA").

2.7.1.5 Such proof of the Agency's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue Developer's owner's policy of title insurance.

2.7.1.6 The Assignment of Claims executed by the Agency and the City.

2.8 Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents and disburse the funds and documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled or waived in writing by the party benefitted by the condition:

(i) The Title Company shall be unconditionally and irrevocably committed to issue in favor of Developer an ALTA Extended Coverage or CLTA Coverage (as elected by Developer) Owner's Policy of Title Insurance, with liability equal to the Purchase Price (or such lesser amount as shall have been requested by Developer), showing the Land vested in Developer subject only to the Permitted Exceptions. In order to elect ALTA title insurance, Developer must have obtained at Developer's cost and submitted to the Title Company at least ten (10) days prior to the Close of Escrow an ALTA survey prepared by a California licensed surveyor showing all plottable Permitted Exceptions and certified to the Title Company. The condition specified in this paragraph (i) is for Developer's benefit.

(ii) Developer shall have deposited in Escrow the documents required pursuant to be deposited by Developer pursuant to Section 2.7 and Developer's portion of all Escrow closing costs. The condition specified in this paragraph (ii) is for the Agency's benefit.

(iii) The Agency shall have deposited in Escrow the documents required pursuant to be deposited by the Agency pursuant to Section 2.7. The condition specified in this paragraph (iii) is for Developer's benefit.

(iv) The Agency shall have confirmed to Escrow Holder that all of the Agency Closing Conditions set forth in Section 2.4A have been satisfied or expressly waived in writing. The condition specified in this paragraph (iv) is for the Agency's benefit.

(v) Developer shall have confirmed to Escrow Holder that all of the Developer Closing Conditions set forth in Section 2.4B have been satisfied or expressly

waived in writing. The condition specified in this paragraph (v) is for Developer's benefit.

Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for issuance of Developer's owner's title insurance policy.

**2.9 Escrow's Closing Actions.** On the Close of Escrow, Escrow Holder shall:

2.9.1.1 Record the Grant Deed, the Memo of DDA, and the deed of trust securing the Construction Loan with the Orange County Recorder;

2.9.1.2 Issue the Developer's owner's title policy;

2.9.1.3 Prorate assessments and other charges as of the Close of Escrow in accordance with the settlement statement approved by the Parties.

2.9.1.4 From funds deposited by Developer, pay charges to be paid by or on behalf of Developer, and return any excess to Developer;

2.9.1.5 Prepare and deliver to both Developer and the Agency one signed copy of Escrow Holder's closing statement showing all receipts and disbursements of the Escrow; and

2.9.1.6 Deliver to Developer the FIRPTA Certificate and the Withholding Affidavit.

2.10 Additional Instructions. If required by the Escrow Holder, the Parties shall execute appropriate escrow instructions, prepared by the Escrow Holder, which are not inconsistent herewith. If there is any inconsistency between the terms hereof and the terms of the escrow instructions, the terms hereof shall control unless an intent to amend the terms hereof is expressly stated in such instructions.

**3. DEVELOPMENT COVENANTS.**

3.1 Development of the Project. Developer shall develop the Improvements in accordance with the Scope of Development, the Schedule of Performance, the Specific Plan, the Development Agreement and all requirements of any and all applicable federal, state and local laws, rules and regulations (including any conditions of approval required by the City), the Plans and Specifications, and all other terms, conditions and requirements of this Agreement. Developer shall comply with the Schedule of Performance in a timely manner, provided that the time for performance of obligations of Developer set forth therein shall be delayed by (a) Force Majeure Delays, if applicable and (b) delays allowed under the Construction Contract, if applicable, and provided, further, that the Executive Director or its designee may extend any deadline therein in his sole and absolute discretion, not to exceed ninety (90) days per applicable deadline. Until a Certificate of Completion is issued for a Phase, the Developer shall provide the Agency with periodic progress reports, as reasonably requested by the Executive Director or its designee, regarding the status of the construction of the Improvements for that Phase.

3.2 Agency's Right to Review Plans and Specifications. In connection with construction of the Project, Developer shall comply in all material respects with Plans and Specifications approved by the Agency and the City. The Executive Director or its designee shall have the right to review all Plans and Specifications for the Improvements prior to their submission to the City to ensure that the Improvements are constructed in accordance with the Scope of Development and the other applicable provisions of this Agreement.

3.3 Construction Contract(s). Developer shall retain a reputable and financially responsible general contractor (a "General Contractor") to undertake the construction of each Phase of the Project. The General Contractor shall be acceptable to and approved in writing by the Executive Director or its designee (in the exercise of reasonable discretion), licensed in California, shall have any other licenses reasonably required by the City, and shall be experienced in constructing the type of improvements constituting the Improvements to be constructed in the phase for which the General Contractor is retained. On or before the date set forth in the Schedule of Performance, Developer shall enter into a written contract, in form and substance reasonably acceptable to the Executive Director or its designee (the "Construction Contract"), with the General Contractor for performing the work constituting the construction of the applicable Phase. The Construction Contract shall be a guaranteed maximum cost contract or stipulated sum providing for construction of the Improvements for a fixed or maximum price, and shall obligate the General Contractor to commence and complete such construction in accordance with this Agreement and all applicable federal, state and local laws, rules and regulations. The Construction Contract shall provide for retention of at least five percent (and Developer shall use commercially reasonable efforts to cause the Construction Contract to provide for retention of up to ten percent) from each progress payment (except there shall be no retention for any items excused from retention as specified in the Construction Contract) until the final payment, and said final payment shall not be paid to the General Contractor until the Improvements for the applicable Phase shall have been completed, and Developer shall have obtained all appropriate lien waivers from the General Contractor and its subcontractors, or bonds acceptable to Developer in form and amount, insuring against loss arising from any mechanics', laborers', materialmen's or other like liens filed against the Land. The Parties acknowledge that where this Agreement requires certain provisions to be included in the Construction Contract, such provisions of the Construction Contract may be subject to customary or commercially reasonable exceptions whether or not such exceptions are set forth in this Agreement.

3.4 Construction Loan(s). As used in this Agreement, the term "Construction Loan" shall mean a loan made by a Holder that is in an aggregate amount no greater than: (a) the costs of land acquisition (including without limitation payoffs of existing loans secured with liens on the Phase I Land), environmental remediation and designing and constructing the applicable Improvements of the Phase I of the Project being financed with such loan, less (b) equity funds for such purposes to be provided by Developer and shown as such in the Project Budget and funds provided from other loans, the terms and budgets of which shall be subject to approval by the Executive Director or its designee.

3.5 Costs of Entitlement, Development and Construction. The Developer agrees that all costs, expenses and fees associated with the development and construction of the Project including the costs for developing and constructing the Improvements thereon (including,

but not limited to, the land acquisition costs and governmental permits and approvals) shall be borne by Developer.

3.6 Rights of Access and Inspection. In addition to those rights of access to and across the Land to which the Agency and the City may be entitled by law, members of the staffs of the Agency and the City shall have a reasonable right of access to the Land, without charge or fee, at any reasonable time, upon reasonable notice to Developer and submission of reasonably satisfactory evidence of insurance, to inspect the work being performed on the Land in connection with the development of the Project but shall not be obligated to do so and Agency shall not be liable for any failure to disclose any information discovered by Agency (or that could or should have been discovered by any Agency inspection).

3.7 City and Other Governmental Agency Permits and Approvals. Before commencement of construction or development of any work of improvement on the Land, Developer shall (at Developer's expense) secure, or cause to be secured, any and all permits, which may be required by the City or any other governmental agency having jurisdiction over such construction or development.

3.8 No Discrimination During Construction. Developer, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

3.9 Taxes, Assessments, Encumbrances and Liens. Developer shall pay when due all real property taxes and assessments assessed or levied on portions of the Land from time to time owned by Developer, except that Developer retains the right to reasonably protest, reasonably contest and/or reasonably appeal such taxes and shall not be required to pay or comply with the same during the pendency of such reasonable legal protest, contest and/or appeal.

3.10 No Partnership or "Agency" Relationship Created. In performing this Agreement, Developer is an independent contractor and not the agent or "partner" of the Agency or the City. The Agency and the City are not agents of Developer. Neither the Agency nor the City shall have any responsibility whatsoever for payment to any contractor or supplier of Developer or its contractors. Developer shall not have any responsibility whatsoever for payment to any contractor or supplier of the Agency or the City.

3.11 Certificate of Completion. Upon Developer's completion of each Phase of the construction of the Project, Developer may apply to the Agency for a Certificate of Completion for the applicable Phase. The Agency's issuance of the Certificate of Completion for a Phase shall constitute the acknowledgement of the Agency that Developer has complied in all respects with its development obligations (but only the development obligations) set forth in this Article 3 as to that Phase. If the Agency believes that the Developer is not in compliance with its obligations under this Article 3 as to the applicable Phase, the Agency shall promptly (and in no event more than thirty (30) days after Developer applies to the Agency for a Certificate of Completion) specify the nature of such non-compliance by written notice to Developer. Provided that Developer is then in full compliance with all of its obligations under



Article 3 of this Agreement as to the applicable Phase, the Agency shall execute, acknowledge and deliver the Certificate of Completion for the applicable Phase within thirty (30) days following Developer's request, which shall be recorded in the Official Records of Orange County. If construction of any Phase is not complete solely because of punch-list items or the equivalent or any non-material non-compliance, the Agency shall execute, acknowledge and deliver the Certificate of Completion upon Developer's providing reasonably satisfactory security for performance.

3.12 Local, State and Federal Laws; Prevailing Wages. Developer shall carry out the construction of the Improvements on the Land (and shall cause any and all ground tenants to carry out construction of the Improvements on the Land) in conformity with all applicable federal, state and local laws, including all applicable federal and state occupation, safety and health standards. Developer acknowledges, stipulates and agrees that the work required under this Agreement is a public work of improvement under California Labor Code Section 1720, and that Developer shall pay prevailing wages in connection with all of such work and shall cause its transferees (including ground tenants) who acquire an interest on below market terms, as determined by the Agency Executive Director, and pad purchasers who lease or purchase on "below-market" terms, as determined by Agency's Executive Director and their contractors to pay prevailing wages in connection with any such work that is to be constructed by such transferees. Developer shall defend, indemnify and hold Agency harmless from and against any and all claims, liabilities, losses, damages, costs and expenses arising from or relating to any failure by Developer or any Developer transferee or any of their contractors to pay prevailing wages and otherwise comply with California Labor Code Section 1720, et al.

4. FINANCIAL ASSISTANCE FROM AGENCY. In consideration of Developer's development, use and operation of the Project and Developer's execution and delivery of this Agreement, the Agency shall pay the Sales Tax Amount and the Property Tax Amount (as defined below), respectively, at the times, in the amounts and subject to the conditions set forth below.

4.1 Conditions for Suspension of Payment. The Agency's obligations to pay the Sales Tax Amount and the Property Tax Amount (as applicable) to Developer are conditioned upon compliance with California Health and Safety Code Section 33426.7 and shall be suspended if and to the extent any of the following apply and until they are resolved: (i) any failure by a Retailer to pay any Sales Tax Revenues, provided that any such failure shall not affect Developer's right to receive the Sales Tax Amount with respect to Sales Tax Revenue that is paid by any Retailer and otherwise qualifies as Sales Tax Revenues, (ii) any failure to pay any real estate taxes for any portion of the Project that is owned by Developer, its successors or assigns or an affiliate of Developer (and it will be presumed that any real estate taxes not paid are Tax Increment Revenues), with the result that the amount otherwise payable as the Property Tax Amount if all real estate taxes had been paid for any portion of the Project that is owned by Developer, its successors or assigns or an affiliate of Developer shall be reduced by the amount of the unpaid real estate taxes for such portion of the Project, (iii) Developer's failure to timely deliver or to cause to be delivered to the Agency full and complete copies of the Sales Tax Reports (as defined below) in accordance with Section 4.3 below (and Developer shall include a provision in all leases requiring the timely filing and delivery to Developer of Sales Tax Reports and shall enforce it), provided that any such failure shall not affect Developer's right to receive

Sales Tax Revenues with respect to Sales for which Sales Tax Reports have been delivered to the Agency, (iv) a violation of Article 5; (v) the City or Agency's no longer having the legal right under state law to retain and control the disposition of any of its current portion of the Sales Tax Revenues or Tax Increment Revenues (as defined below), respectively, in which event the Sales Tax Amount and the Property Tax Amount, as applicable, shall be payable only with respect to Sales Tax Revenues and Tax Increment Revenues that the City or the Agency from time to time has a legal right under state law to retain and control the disposition of.

#### 4.2 Definitions.

**"Contract Year"** shall mean a fiscal year (July 1 — June 30).

**"Property Tax Amount"** shall mean, for each Contract Year (as defined below), a sum in an amount equal to one hundred percent (100%) of the Tax Increment Revenues (as defined below) for that Contract Year.

**"Retailer"** shall mean any person or entity who owns or operates any store, restaurant or other business engaging in the retail sale, storage, use or other consumption of tangible personal property in or at Phase I of the Project.

**"Sales"** shall mean transactions that give rise to sales Tax Revenue.

**"Sales Tax Amount"** shall mean, for each Contract Year (as defined below) or portion thereof a sum in an amount equal to: (i) until December 31, 2016, fifty-five percent (55%) of the Sales Tax Revenues for each Contract Year; (ii) after December 31, 2016, one hundred percent (100%) of the Sales Tax Revenues in excess of \$770,440 for that Contract Year until the Developer shall have received \$941,600 for that Contract Year; and (iii) fifty-five percent (55%) of all Sales Tax Revenue in excess of \$1,712,000. The dollar amounts in clauses (ii) and (iii) above a based on a scenario in which Phase I contains not less and not more than 428,000 usable square feet of retail space. If Phase I as built, consistent with plans approved by the Agency, consists of more or less than 428,000 usable square feet of retail space, the dollar amounts in clauses (ii) and (iii) above shall be proportionately reduced or increased, as applicable.

**"Sales Tax Reports"** shall mean the statements and quarterly reports, and any other or supplemental reports, statements or submissions, actually filed or required to be filed by Developer (and/or any Retailer) with the State Board of Equalization relating to or in connection with the collection, remittance and/or calculation of Sales Tax Revenues from the Project.

**"Sales Tax Revenues"** shall mean the total sales and use tax revenues from Phase I paid or caused to be paid by any Retailer and ultimately collected by the State Board of Equalization for the City (the disposition of which under then applicable state law is controlled by the City) and which is actually received by the City arising from the retail sale, storage, use or other consumption of tangible personal property in or at Phase I by any Retailer from time to time, pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (California Revenue and Taxation Code Section 7200, et seq.). If the Bradley-Burns Uniform Local Sales and Use Tax Law is further amended, terminated or rescinded, and Sales Tax Revenues are calculated in an alternate manner or are replaced or partially replaced by an alternate revenue stream (i)

arising from the retail sale, storage, use or other consumption of tangible personal property by any Retailer, or (ii) designated as being a replacement for Sales Tax Revenues previously generated by the retail sale, storage, use or other consumption of tangible personal property within Phase I, then "Sales Tax Revenues" shall also mean those revenues actually paid or caused to be paid by any Retailer and ultimately collected for the City in the alternate manner of calculation or the alternate revenue stream, so long as the City receives its portion of such Sales Tax Revenues and has the legal right under state law to retain and control the disposition of substantially all of its portion thereof "Sales Tax Revenues" shall also mean and include any sales and use tax revenues arising from services provided by any Retailer from Phase I. Due to the fact that sales tax revenues exceeding one percent (1%) of taxable sales only are provided to a city based upon a special election and are limited to be used for a specified governmental function or functions, for purposes of this Agreement, Sales Tax Revenues shall be deemed never to exceed a maximum of one percent (1%) of the total taxable sales from businesses in Phase I unless the law is changed so that municipalities' use of sales tax revenues in excess of one percent (1%) of taxable sales is not so limited.

**"Tax Increment Revenues"** shall mean taxes annually allocated to and received by the Agency generated from the value of a completed Phase of the Project after the Close of Escrow (or portion of any completed Phase owned from time to time after the Close of Escrow by Developer, or any successors, assigns or affiliates of Developer permitted under Article 5 below, including portions of a Phase owned by an affiliate of Developer prior to the Close of Escrow but which are conveyed to Developer as of Close of Escrow and, subject to Article 5, remains owned by Developer and on which Improvements are later completed) to the extent that it exceeds the value thereof established by the Orange County Assessor for fiscal year 2010-2011 pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations. However, Tax Increment Revenues shall not include the following:

(i) that portion of such taxes which is required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any fiscal year pursuant to Section 33334.3 of the Redevelopment Law;

(ii) amounts of such taxes (if any) payable by the State of California to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State of California, or any successor provision of law; and

(iii) amounts of such taxes (if any) which are required to be paid by the Agency to any other public agency, under the Community Redevelopment Law (California Health and Safety Code Sections 33000, et seq.) or under any agreement between the Agency and such other public agency, including, without limitation, any pass-through amounts and administrative expenses.

4.3 Sales Tax Reports. The Sales Tax Reports shall be delivered by Developer to the Agency on or before January 31, April 30, July 31 and October 31 of each

Contract Year during the term hereof, if and to the extent that Developer has theretofore received such Sales Tax Reports. Developer shall include a provision in all retail leases obligating the tenant to provide Sales Tax Reports to Developer on or before the dates specified above.

4.4 Time of Payment by City and Agency. The Sales Tax Amount shall be paid in arrears, annually, within sixty (60) days after the City's receipt of its share of Sales Tax Revenues for the preceding fiscal year (i.e., July 1 through June 30 of the next year), except that the Sales Tax Amount for the period prior to the issuance of a Certificate of Completion for Phase I shall be paid within sixty (60) days after the issuance of a Certificate of Completion for Phase I. The Property Tax Amount with respect to a Phase shall be paid after a Certificate of Completion is issued for the applicable Phase, in arrears, every six months of each calendar year, within sixty (60) days after the City's receipt of its share of Property Tax Revenues for that Phase for the preceding six month period.

4.5 Termination. The Agency's obligation to make payments of the Sales Tax Amount and Property Tax Amount to Developer shall terminate upon the earlier of: (i) a Default by Developer under Section 7.1 below; or (ii) with respect to the Sales Tax Amount, thirty (30) years after the Close of Escrow, and with respect to the Property Tax Amount, the end of the 2029-2030 Contract Year. Agency agrees not to terminate the Redevelopment Plan early.

5. PROHIBITION ON TRANSFERS AND SECURITY INTERESTS. Developer shall not sell, assign, transfer, mortgage, lease, hypothecate, encumber, or convey (individually and collectively, a "Transfer") the Land, the Project or any part thereof or any of Developer's rights or obligations hereunder prior to the completion of the Project, without the Agency's prior written consent, which consent may be granted or withheld in the Agency's sole and absolute discretion, except that Developer may upon at least twenty (20) days' prior written notice to counsel designated by the Agency describing the transfer, the terms of the transfer and the transferee, and enclosing a copy of the applicable or proposed transfer document (i.e., lease; sale agreement; loan agreement and deed of trust, etc.):

- (i) enter into ground leases with Retailers;
- (ii) sell a subdivided parcel to an owner-user that is a Retailer or, with respect to a parcel on which a hotel is to be developed, a hotel developer or hotel operator, or, with respect to a parcel in which an office building is to be developed, an office building developer or office building operator;
- (iii) create, or cause to be created, a single asset entity to own Phase II and/or another to own Phase III, provided that Developer delivers to Agency copies of all of the organizational documents for such entities showing that such entities are directly or indirectly majority owned and controlled by Donald Chae and Min Chae;
- (iv) grant a lien securing a Construction Loan on each Phase.

Developer acknowledges that the identity of Developer is of particular concern to the Agency, and it is because of Developer's identity that the Agency has entered into this Agreement with Developer. Except for any Transfer expressly permitted in this Section 5 (on the terms and

subject to the conditions set forth above), or otherwise expressly approved in writing by the Agency pursuant to this Section 5, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement. Documents shall be submitted to counsel designated by the Agency. Notwithstanding any provision to the contrary in this Agreement, (a) Developer may at any time transfer up to an aggregate of forty-nine percent (49%) of the direct or indirect ownership interests in Developer upon prior written notice to Agency without need for the Agency's consent or approval, and any such Transfer shall be regarded as a permitted Transfer and shall not result in any loss of rights or powers under this Agreement, provided that Donald Chae and Min Chae remain owners, directly or indirectly, of at least fifty-one percent (51%) of the direct or indirect ownership interest in Developer and retain control of the Developer, as shown by reasonable evidence delivered to Agency prior to the applicable transfer; (b) Developer may lease spaces to Retailers, office tenants or other tenants for the uses contemplated in this Agreement for the Improvements so leased, without need for approval by or prior notice to the Agency, and (c) the restrictions in this Section 5 shall no longer apply to any Phase of the Project, or the land or rights or obligations associated therewith, for which a Certificate of Completion has been issued (but the foregoing clause (c) shall not affect the rights and remedies of the Agency for a violation of this Article 5 with respect to any Phase occurring prior to the issuance of a Certificate of Completion for that Phase).

## 6. USE OF THE PROPERTY.

6.1 Obligation to Refrain from Discrimination. Developer covenants and agrees that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, transfer, use, occupancy, tenure or enjoyment of the Project, and Developer (itself and any person claiming under or through Developer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of vendors of the Project or any portion thereof.

6.2 Form of Nondiscrimination and Non Segregation Clauses. Developer shall refrain from restricting the sale of the Project or any portion thereof, on the basis of sex, age, handicap, marital status, race, color, religion, creed, ancestry or national origin of any person. All deeds, leases or contracts relating to the sale, lease or transfer of the Project or any portion thereof shall contain or be subject to substantially the following nondiscrimination or non segregation clauses:

1. In deeds: "The grantee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants,

subleases or vendors in the land herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

2. In leases: “The lessee herein covenants, by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

(a) “That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee, himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants or vendees in the land herein leased.”

(b) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (a).

3. In contracts relating to the sale or transfer of the Project, or any interest therein: “There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, subtenants, sublessees or vendees of the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

7. EVENTS OF DEFAULT, REMEDIES AND TERMINATION.

7.1 Defaults - Definition. The occurrence of any or all of the following after the Close of Escrow shall constitute a default (“Default”) under this Agreement:

7.1.1 Developer’s failure to perform its obligations on a timely basis as contained in the Schedule of Performance (subject to Section 7.7 below) and, if the failure is curable within thirty (30) days after notice, then failure to cure or remedy such failure within thirty (30) days after the Agency has given written notice to Developer;

7.1.2 Any breach of this Agreement by any Party consisting solely of the payment of money, and the continuance of such breach for a period of ten (10) days after the non-defaulting Party has given written notice to the defaulting Party;

7.1.3 Except as otherwise provided in Section 7.1.1 above, a breach of any other term of this Agreement by any Party in any material respect not consisting solely of the payment of money and failure of such Party to cure such breach within thirty (30) days after the non defaulting Party has given written notice to the defaulting Party; provided, however, if such breach is not reasonably curable within such thirty (30) day period, then such Party shall be deemed in Default only if such Party does not commence to cure such breach within such thirty (30) day period and thereafter fails to diligently prosecute such breach to completion;

7.1.4 Any violation of Article 5 of this Agreement.

7.1.5 Filing of a petition in bankruptcy by or against any Party or appointment of a receiver or trustee of any property of any Party, or an assignment by any Party for the benefit of creditors, or adjudication that such Party is insolvent by a court, and in the case of a filing against a Partner, the failure of such Party to cause the applicable petition, appointment, or assignment to be removed or discharged within one hundred and twenty (120) days.

7.2 Remedies. Upon the occurrence of a Default by a Party, the non-defaulting Party may terminate this Agreement and shall also have all rights and remedies, including damages and specific performance, as may be available at law or in equity (except that upon a Default by a Party, the other Party shall be excused from continued performance), except that the Agency and the City shall only have the right to terminate this Agreement in the event of a Default by Developer.

7.3 No Speculation. The rights established in Article 5 and this Article are to be interpreted in light of the fact that the Agency will convey the Land to Developer for

redevelopment and not for speculation in undeveloped land or for speculation based directly or indirectly, in whole or in part, on the Agency's or City's obligations under Article 4 hereof.

7.4 No Personal Liability. No representative, agent, attorney, consultant, or employee of the Agency shall personally be liable to the Developer or any successor in interest of Developer, in the event of any Default or breach by the Agency, or for any amount which may become due to Developer or any successor in interest, on any obligation under the terms of this Agreement.

7.5 Rights and Remedies are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the non defaulting Party; provided, however, that liquidated damages specified herein shall constitute the sole damages recoverable for the default giving rise to such liquidated damages.

7.6 Inaction Not a Waiver of Default. Any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such Party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. The acceptance by a Party of less than the full amount due from the other party shall not constitute a waiver of such Party's right to demand and receive the full amount due, unless such Party executes a specific accord and satisfaction.

7.7 Force Majeure. Following the Close of Escrow, and notwithstanding anything to the contrary in this Agreement, nonperformance shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the reasonable control of such party (a "Force Majeure Delay"): (i) failure to perform by Developer attributable to any strike, lockout or other labor disturbance (whether or not on the part of the employees of either party hereto), civil disturbance, future order claiming jurisdiction, act of the public enemy, war, riot, sabotage, blockade, embargo, inability to secure customary materials, supplies or labor through ordinary sources, regulation or order of any government or regulatory body, or any other cause beyond the reasonable control of the party from whom performance is required; (ii) delay attributable to severe weather, lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion, or any other similar cause beyond the reasonable control of the party from whom performance is required, or any of its contractors or other representatives, or (iii) litigation instituted or joined by a party (other than the Developer or any person or entity affiliated with the Developer) attacking the enforceability of this Agreement. Any prevention, delay or stoppage due to any Force Majeure Delay shall excuse the performance of the party affected for a period of time equal to any such prevention, delay or stoppage (except the obligations of either party to pay money to the other party or to close escrow) provided that the Party claiming the Force Majeure Delay notifies the other Party of the Force Majeure Delay within a reasonable time (not to exceed ten (10) business days) after the commencement of the Force Majeure Delay; and provided, further, that if notice is not given within such ten (10) business day period, the extension of time shall not begin until the date on which written notice of the Force Majeure Delay is given by the Party claiming the Force Majeure Delay to the other Party.



8. INSURANCE; INDEMNITY.

8.1 Insurance.

8.1.1 From and after the Close of Escrow, Developer shall obtain and maintain at no cost or expense to the Agency, with an insurance company reasonably acceptable to the Agency, (i) property insurance for the Improvements in an amount not less than the replacement cost of the Improvements (subject to a deductible not to exceed \$10,000) with an inflation rider; (ii) general liability insurance, insuring against claims and liability for bodily injury and property damage arising from the construction, use, occupancy, condition, or operation of the Land, which liability insurance shall provide combined single limit protection of at least \$5,000,000 and shall include contractual liability coverage and products and completed operations coverage, and (iii) commercial automobile liability insurance of at least \$1,000,000 combined single limit.. Such liability insurance policies shall name the City and the Agency and their council members, board members, officers, agents and employees as additional insureds.

8.1.2 Developer shall obtain and maintain in force until completion of the Improvements (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a company reasonably acceptable to the Agency, and (ii) workers' compensation insurance covering all persons employed by Developer in connection with work on the Project, or any portion thereof. During the construction of Improvements by Developer, such builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors', subcontractors', and construction managers' tools and equipment and property owned by contractors' and subcontractors' employees.

8.1.3 Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law.

8.1.4 With respect to each policy of insurance required above, Developer and each of Developer's general contractors shall furnish to the Agency a certificate on the insurance carrier's form setting forth the general provisions of the insurance coverage promptly after written request by Agency showing the additional insureds. The certificate shall also be furnished by Developer prior to commencement of construction of any Improvements.

8.1.5 All such policies required by this Section shall contain (i) language to the effect that the policies cannot be cancelled or materially changed except after thirty (30) days' written notice by the insurer to the Agency; (ii) a waiver of the insurer of all rights of subrogation against the Agency and the other additional insureds; and (iii) an endorsement that said policy is primary and non-contributory. All such insurance shall have deductibles that do not exceed \$10,000.

8.2 Indemnity. From and after the execution of this Agreement, Developer hereby agrees to indemnify, defend, protect, and hold harmless the Agency and any and all agents, employees, representatives, council members, board members, consultants, and offices of

the Agency, from and against all losses, liabilities, claims, damages (including foreseeable and unforeseeable consequential damages and punitive damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out of pocket litigation costs and reasonable attorneys' fees) and demands of any nature whatsoever, related directly or indirectly to, arising out of or resulting from:

(i) any negligence or willful misconduct on the part of Developer or its employees or agents in connection with the development and construction by Developer of the Improvements or the use, ownership, management, occupancy, or possession of the Land or adjacent land during Developer's period of ownership thereof, or

(ii) any Default by Developer hereunder (subject to any liquidated damages provisions otherwise contained in this Agreement), or

(iii) any claim that this Agreement is invalid, in whole or in part under or based on any provision of the California Redevelopment Law; or

(iv) any of Developer's activities (or the activities of Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, or subcontractors), whether or not negligent;

except to the extent such losses or liabilities are not caused by item (iii) above and are caused by willful and unlawful conduct of the Agency that is not contributed to in any way by Developer, any affiliate of Developer, any of their employees, agents or contractors, or Donald Chae or Min Chae. The Agency may in its discretion, and at its own cost, participate in the defense of any legal action naming the Agency. The provisions of this Section shall survive the Close of Escrow or the termination of this Agreement, as applicable.

## 9. REPRESENTATIONS AND WARRANTIES.

9.1 Developer Representations. Developer represents and warrants to the Agency as of the date of this Agreement and as of the Close of Escrow, except as otherwise noted, that:

(i) Developer is a limited liability company validly existing and in good standing under the laws of the State of California.

(ii) Developer has the authority to execute this Agreement (and the documents contemplated by this Agreement) on behalf of The Source at Beach, LLC.

(iii) As of the Close of Escrow, Developer currently owns the Phase I Land, except for the portion described on Exhibit "A-1" described as not being currently owned by Developer.

(iv) Developer's execution and performance of this Agreement and the closing documents will not violate any provision of the organizational documents of

Developer or any deed of trust, lease, contract, agreement, instrument, order, judgment or decree by which Developer is bound.

(v) The Developer has not engaged a broker with respect to the purchase of the Agency Land to Developer.

9.2 Agency Representations. The Agency hereby represents and warrants to the Developer that the Agency has not engaged a broker with respect to the sale of the Agency Land to Developer.

## 10. GENERAL PROVISIONS.

10.1 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by reputable overnight company. Notices shall be considered given upon one business day following deposit or delivery with a nationally recognized overnight courier delivery charges prepaid, or on the date of delivery (or refusal to accept delivery) shown on the return receipt (as applicable). Notices shall be addressed as provided below for the respective Party; provided that if any Party gives notice in writing of a change of name or address, notices to such Party shall thereafter be given as demanded in that notice:

The Agency:                   Community Redevelopment Agency of the City of Buena Park  
6650 Beach Boulevard  
Buena Park, California 90621  
Attn: Executive Director

Developer:                    The Source at Beach, LLC  
3100 E. Imperial Highway  
Lynwood, California 90262  
Attn: Min Chae and Donald Chae

With a copy to:              Lim, Ruger & Kim, LLP  
1055 West Seventh Street  
Los Angeles, California 90017  
Attn: Real Estate Department

10.2 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties.

10.3 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires. Unless otherwise required by a specific provision of this Agreement, time hereunder is to be computed by excluding the first day and including the last day. If the date for performance falls

on a Saturday, Sunday, or legal holiday, the date for performance shall be extended to the next business day. All references in this Agreement to a number of days in which either party shall have to consent approve or perform shall mean calendar days unless specifically stated to be business days.

10.4 Time of the Essence. Time is of the essence of this Agreement.

10.5 Warranty Against Payment of Consideration for Agreement. Developer warrants that it has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

10.6 Attorneys' Fees. If any Party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing Party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing Party as fixed by the court.

10.7 Entire Agreement, Waivers and Amendments. This Agreement, together with all attachments and exhibits hereto, and all agreements executed pursuant hereto, constitutes the entire understanding and agreement of the Parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either Party hereto, or by or to any employee, officer, agent or representative of either Party, shall be of any effect unless it is in writing and executed by the Party to be bound thereby. No person is authorized to make, and by execution hereof Developer and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as expressly set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on Developer or the Agency. Notwithstanding the foregoing, this Agreement does not supersede or in any way diminish Developer's rights under the Development Agreement.

10.8 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law, but shall be subject to modification if necessary to prevent the unenforceability of any provision to create an inequitable result.

10.9 Headings. All section headings and subheadings are inserted for convenience only and shall have no effect on the construction or interpretation of this Agreement.

10.10 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

10.11 Governing Law; Jurisdiction; Service of Process. This Agreement and the rights of the Parties shall be governed by California law. The Parties consent to the exclusive jurisdiction of the California Superior Court for the County of Orange and the United States District Court for the Central District of California. If any legal action is commenced by Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or Secretary of the Agency, or in such other manner as may be provided by law. If any legal action is commenced by Developer against the City, service of process on the Agency shall be made by personal service upon the City Clerk, or in such other manner as may be provided by law. If any legal action is commenced by Agency against Developer, service of process on Developer shall be made by personal service on Donald Chae at the Developer's address for notices, or in such other manner as may be provided by law. Developer agrees, for the benefit of the Agency, that it shall designate an agent for service of process in the State of California in the manner prescribed by law.

10.12 Assignability. Except as otherwise expressly provided in Article 5, Developer may not assign, transfer or convey its rights and obligations under this Agreement without the prior written consent of the Agency, which Agency may withhold as provided in Article 5.

10.13 Survival. The provisions hereof shall not merge into, but rather shall survive, any conveyance hereunder (including, without limitation, the delivery and recordation of the Grant Deed) and the delivery of all consideration.

10.14 Estoppel Certificates. Upon written request of Developer, the Agency shall within thirty (30) days of the date of such request, execute and deliver to Developer a written statement certifying, to the Agency's actual knowledge, that (a) this Agreement in full force and effect, if such is the case, and has not been modified or amended, except as shall be stated; and (b) that no default by Developer exists under this Agreement.

10.15 Agency Actions. In addition to provisions of this Agreement that give the Executive Director or its designee the authority to make decisions and grant approvals, the Agency hereby authorizes the Executive Director or its designee to (i) deliver such approvals and consents as are contemplated by this Agreement provided they are in writing and signed by the Executive Director; (ii) grant limited extensions of time for good cause, not to exceed ninety (90) days with respect to any particular deadline, provided the extension is in writing; and (iii) enter into written amendments to this DDA necessary or convenient to effectuate the intent hereof, provided they do not include a material change to any economic term (unless the change clearly benefits the Agency).

10.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed as original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and year first above written.

**DEVELOPER:**

THE SOURCE AT BEACH, LLC,  
a California limited liability company

By: DMC Investment Holdings, LLC,  
a Delaware limited liability company,  
sole member

By: Donald Chae  
Donald Chae,  
Manager

By: Min Chae  
Min Chae,  
Manager

**AGENCY:**

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK,  
a public body, corporate and politic

By: [Signature]

Print Name: RICK WARSINSKI

Title: CITY MANAGER / EXECUTIVE DIRECTOR

ATTEST:

[Signature]



**APPROVED AS TO FORM:**


By: \_\_\_\_\_  
James Markman, Counsel to Agency

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and year first above written.

**DEVELOPER:**

THE SOURCE AT BEACH, LLC,  
a California limited liability company

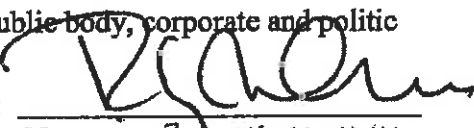
By: DMC Investment Holdings, LLC,  
a Delaware limited liability company,  
sole member

By:   
Donald Chae,  
Manager

By:   
Min Chae,  
Manager



**AGENCY:**

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK,  
a public body, corporate and politic

By:   
Print Name: RICK WARSINSKI  
Title: CITY MANAGER /

EXECUTIVE

ATTEST:

APPROVED AS TO FORM:

By:   
James Markman, Counsel to Agency

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF "AGENCY LAND"**

1. THE WEST 250.00 FEET OF THE SOUTH 259.21 FEET OF LOT 2 IN BLOCK 61 OF BUENA PARK, IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18, PAGE(S) 50, 51 AND 52, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE SOUTH 170.00 FEET THEREOF.

2. THE NORTHERLY 70.00 FEET OF THE SOUTHERLY 170.00 FEET OF THE WESTERLY 200 FEET OF LOT 2, BLOCK 61 OF BUENA PARK, AS SHOWN ON A MAP RECORDED IN BOOK 18, PAGE 50 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT SHOWN BY PUBLIC RECORDS.

3. THE EAST 20 FEET OF THE WEST 176 FEET OF THE SOUTH 100 FEET OF LOT 2 IN BLOCK 61 OF BUENA PARK, IN THE CITY OF BUENA PARK COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 18, PAGES 50, 51 AND 52 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.



**EXHIBIT "A-1"**

**LEGAL DESCRIPTION OF REMAINDER OF LAND  
FOR PHASE I OF PROJECT**

**A. LAND TO BE ACQUIRED BY DEVELOPER FROM PERSONS/ENTITIES OTHER THAN THE AGENCY:**

6911 and 6941 Brenner Avenue; 7851 and 7751 Orangethorpe

**B. PHASE I LAND CURRENTLY OWNED BY DEVELOPER:**

**1. #6890 Beach Blvd**

THAT PORTION OF LOT 2 IN BLOCK 61 OF "BUENA PARK", IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18 PAGE 50 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 2, SAID POINT BEING IN THE EAST LINE OF GRAND A VENUE (BEING 108 FEET WIDE); AND RUNNING THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 2, 225 FEET; THENCE SOUTHERLY ALONG A LINE PARALLEL TO THE EAST LINE OF SAID GRAND AVENUE, 140 FEET; THENCE WESTERLY ALONG A LINE PARALLEL TO SAID NORTHERLY LINE 225 FEET; THENCE NORTHERLY ALONG THE EAST LINE OF GRAND AVENUE, 140 FEET TO THE POINT OF BEGINNING, TOGETHER WITH THE SOUTH 30 FEET OF THE WEST 225 FEET OF STREET ADJOINING ON THE NORTH ABANDONED BY ORDER OF THE BOARD OF SUPERVISORS OF ORANGE COUNTY, CALIFORNIA, AUGUST 2, 1911, ADJOINING SAID LOT 2.

**2. #6940 Beach Blvd, #6951 Brenner Ave, #6961 Brenner Ave, #6971 Brenner Ave**

LOT 2 IN BLOCK 61 OF BUENA PARK, IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18 PAGES 50 TO 52 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, CALIFORNIA, TOGETHER WITH THE SOUTH 30 FEET OF THE STREET ADJOINING SAID LOT ON THE NORTH ABANDONED BY ORDER OF THE BOARD OF SUPERVISORS OF ORANGE COUNTY, ON AUGUST 2, 1911.

EXCEPT THEREFROM THE EASTERLY 65 FEET OF THE SOUTHERLY 120 FEET THEREOF.

ALSO EXCEPT THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 2, SAID POINT BEING IN THE EAST LINE OF BEACH BOULEVARD (FORMERLY GRANT AVENUE) 108 FEET IN WIDTH AND RUNNING; THENCE NORTHERLY ALONG

SAID EAST LINE, 30 FEET TO THE NORTH LINE OF THE SOUTH 30 FEET OF THE ABANDONED STREET HEREINBEFORE MENTIONED; THENCE EASTERLY ALONG SAID NORTH LINE 225 FEET; THENCE SOUTHERLY PARALLEL WITH THE EAST LINE OF BEACH BOULEVARD 170 FEET; THENCE WESTERLY PARALLEL WITH THE NORTH LINE OF SAID LOT 2, A DISTANCE OF 225 FEET TO THE EAST LINE OF BEACH BOULEVARD; THENCE NORTHERLY ALONG SAID EAST LINE, 140 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM THE WEST 250 FEET OF THE SOUTH 259.21 FEET TO LOT 2 IN BLOCK 61 OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 18 PAGES 50 TO 52 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

LOTS 7, 8 AND 9 OF TRACT NO.1756, IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 60, PAGES 20 AND 21 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

3. #6931 Brenner Ave

LOT 4 AND THE SOUTH 5 FEET OF LOT 3, TRACT 1756, CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 60, PAGES 20 AND 21 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

4. #6945 Brenner Ave

LOT 6 OF TRACT NO.1766, IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 60, PAGES 20 AND 21 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

5. #7801 Orangethorpe Ave

PARCEL 1:

THE WEST 250 FEET OF THE SOUTH 170.00 FEET OF LOT 2 IN BLOCK 61 OF BUENA PARK, IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 18, PAGE(S) 50 TO 52 INCLUSIVE, MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA. EXCEPT THEREFROM THE NORTH 70.00 FEET OF THE WEST 200.00 FEET THEREOF. ALSO EXCEPT THEREFROM THE SOUTH 100.00 FEET OF THE WEST 156.00 FEET THEREOF.

ALSO EXCEPT THEREFROM THE EAST 20.00 FEET OF THE WEST 176.00 FEET OF THE SOUTH 100.00 FEET THEREOF.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS AND VEHICULAR TRAFFIC OVER THE EAST 20.00 FEET OF THE WEST 176.00 FEET OF THE SOUTH 100.00 FEET OF LOT 2 IN BLOCK 61 OF BUENA PARK, IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 18, PAGE 50, MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA.

A. #6911 Brenner Ave

LOT 3 OF TRACT NO.1756, IN THE CITY OF BUENA PARK., COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 60 P AGE(S) 20 AND 21 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

B. #6941 Brenner Ave

LOT 5 OF TRACT NO.1756 AS PER MAP RECORDED IN BOOK 60 PAGES 20 AND 21 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, CALIFORNIA.

COMMONLY KNOWN AS: 6941 BRENNER AVENUE, BUENA PARK, CA 90621

C. #7851 Orangethorpe Ave

ALL THAT CERTAIN LAND SITUATED IN THE BUENA PARK SANITARY DISTRICT, COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS, TO WIT:

THE EASTERLY 65 FEET OF THE SOUTHERLY 120 FEET OF LOT TWO (2) IN BLOCK SIXTY -ONE (61) OF "BUENA PARK". AS SHOWN ON A MAP RECORDED IN BOOK 18, PAGE 50 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

SAID LAND IS SHOWN ON A LICENSED SURVEYOR'S MAP FILLED IN BOOK 15, PAGE 27 OF RECORDS OF SURVEYS IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM THE NORTHERLY 20.00 FEET OF THE SOUTHERLY 30.00 FEET OF THE EASTERLY 65 FEET OF THE SOUTHERLY 120 FEET OF LOT 2 IN BLOCK 61 OF BUENA PARK AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 18, PAGE 50, MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

D. #7751 Orangethorpe Ave

THE SOUTH 100 FEET OF THE WEST 156 FEET OF LOT 2 IN BLOCK 61 OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18, PAGES 50, 51 AND 52 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY. ALSO KNOWN AS: 7751 ORANGETHROP AVENUE, BUENA PARK, CA 90621

**EXHIBIT "A-2"**

**DESCRIPTION OF PHASE II AND PHASE III LAND**

All land subject to the Specific Plan except the land described in Exhibit "A" and Exhibit "A-1".

**EXHIBIT "B"**

**SCHEDULE OF PERFORMANCE**

<b>PERFORMANCE</b>	<b>SCHEDULE</b>
<b>Items 1 – 9: Prior to the Close of Escrow (these do not cover all conditions to closing)</b>	
1. <u>Opening of Escrow</u> . The Parties shall open escrow for the conveyance of title to the site by the Agency to Developer.	Within five (5) business days after the execution and delivery of the DDA.
2. <u>Insurance</u> . Developer shall submit evidence of insurance to the Agency.	Prior to the Close of Escrow.
3. <u>Evidence of Financing</u> . Developer submits evidence of financing or funding for Phase I of the Project to the Agency (which must "close" concurrently with the Close of Escrow).	Prior to the Close of Escrow.
4. <u>Project Plans and Budget</u> . Developer shall submit preliminary conceptual plans and project budget for Phase I for Agency approval.	Completed.
5. <u>Approval of Project Plans</u> . The Agency shall issue approval of preliminary conceptual plans and preliminary Project budget.	Approved.
6. <u>Entitlements; Plan Review</u> . Developer shall submit to the City and obtain approval of revised plans for Phase I and obtain all other governmental approvals and permits necessary for the development of Phase I (excluding certificates of occupancy) other than interior tenant improvements that are to be completed by space tenants.	As a condition to Close of Escrow; on or before June 30, 2012
7. <u>Phase I Building Permits</u> . Developer shall obtain the Building Permit(s) for the construction of the Phase I of the Project.	By June 30, 2012.
8. <u>Phase I Construction Contract</u> . Developer shall submit the construction contract(s) for the construction of Phase I to the Agency for approval.	By June 30, 2012.

PERFORMANCE	SCHEDULE
<p>9. <u>Conveyance of Title/Close of Escrow.</u> Subject to the satisfaction of the conditions to closing, Developer shall purchase the Land from the Agency and the Agency shall convey title to Developer and close escrow.</p>	<p>Upon satisfaction of all conditions precedent and Developer's request; provided that if the conditions precedent are not satisfied by June 30, 2012, then the party benefitted by the applicable unsatisfied condition may terminate this Agreement (provided the terminating party is not then in material default).</p>
<p>10. <u>Phase I Construction.</u> Developer shall commence construction of Phase I Improvements.</p>	<p>Within 30 days after Close of Escrow.</p>
<p>11. <u>Phase I Completion.</u> Developer shall complete construction of Phase I Improvements.</p>	<p>Within two (2) calendar years after Close of Escrow.</p>

## EXHIBIT "C"

### SCOPE OF DEVELOPMENT

The parties acknowledge that the cost estimates and the feasibility analysis are based on a level of quality, public amenities and architectural details comparable to Santana Row in San Jose, California, which the parties agree will serve as the benchmark of quality, public amenities and architectural details for the upscale lifestyle center contemplated in this Agreement. (The current concept plan contains elements found at Santana Row regarding pedestrian amenities, open space, and retail spaces.) See the examples on page C-2 attached hereto.

#### PHASE I

Phase I will consist of approximately 428,000 usable square feet of retail space, including a movie theatre, a spa, entertainment uses and retail stores and required parking as shown on the conceptual plans attached hereto as pages C-3 through C-9.

The retail improvements will be built in a number of two- and three-story buildings, with a movie theatre to be located in the largest such building, near the corner of West Orangethorpe Avenue and Brenner Avenue. A parking structure shall be built near the corner of Brenner Avenue and Melrose Street.

#### PHASE II

Phase II will consist of approximately 193,000 rentable square feet of office space and required parking.

The office improvements will be located in a single, multi-story building near the corner of Beach Boulevard and West Orangethorpe Avenue, which will feature ground floor retail above a parking structure.

#### PHASE III

Phase III will consist of a Mobil 3-5 star voted or AAA 3-5 diamond voted full service hotel, and all required parking.

The hotel, which is to be located near the corner of Beach Boulevard, and Melrose Street, is anticipated to be the tallest building in the Project. The hotel structure will include ground floor retail above a parking structure.

#### **[NEED TO ATTACH PAGES C-2 THROUGH C-9]**

**NOTE:** The work required under this Agreement does not include interior improvements that are to be completed by space tenants.





**Santana Row  
San Jose CA**



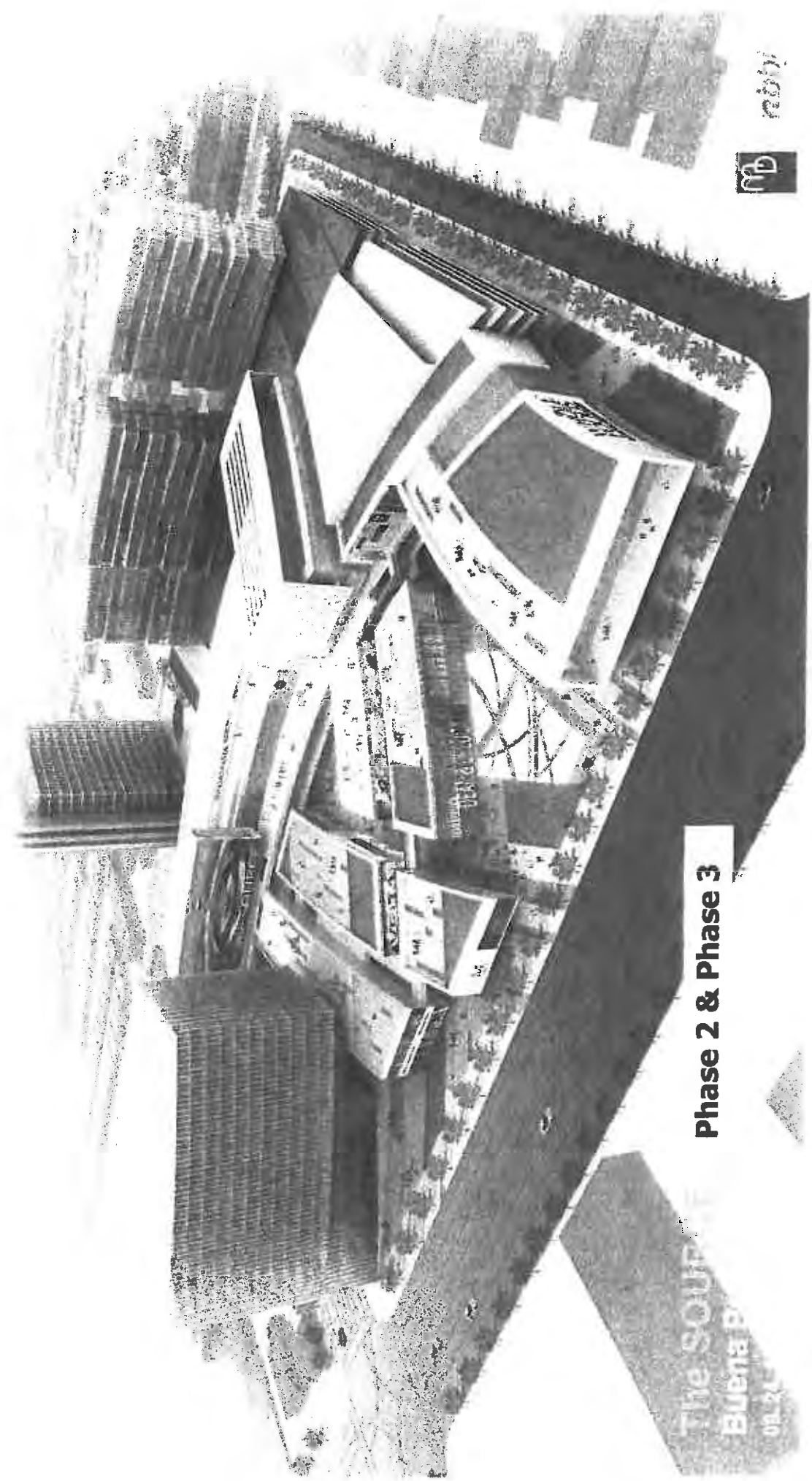
**Exhibit C-2**



abbey

The South  
Buena Vista  
08.24

Exhibit C-3

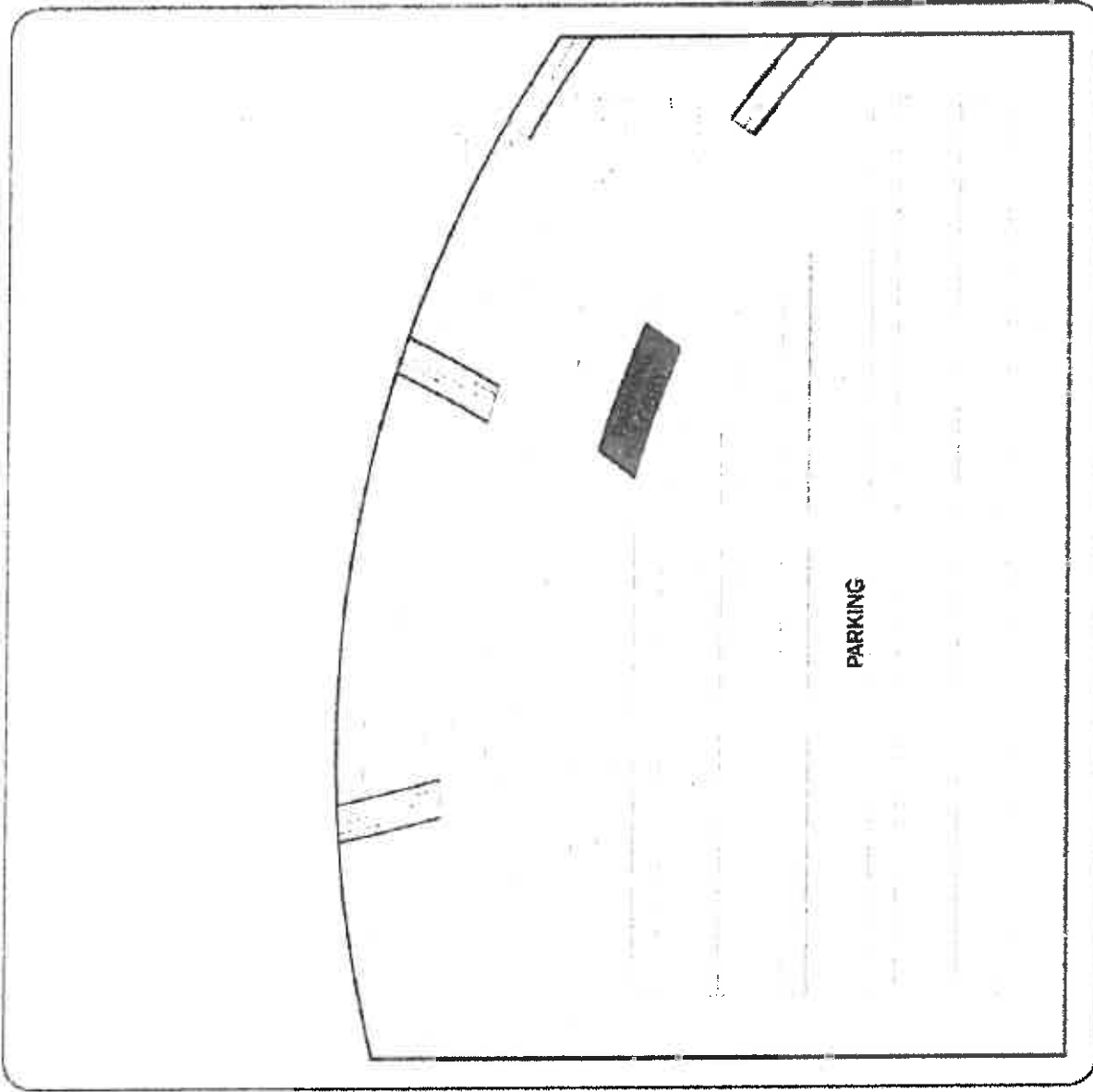


rebt

**Phase 2 & Phase 3**

The SOURCE  
Buena Vista  
09.24

Exhibit C-4



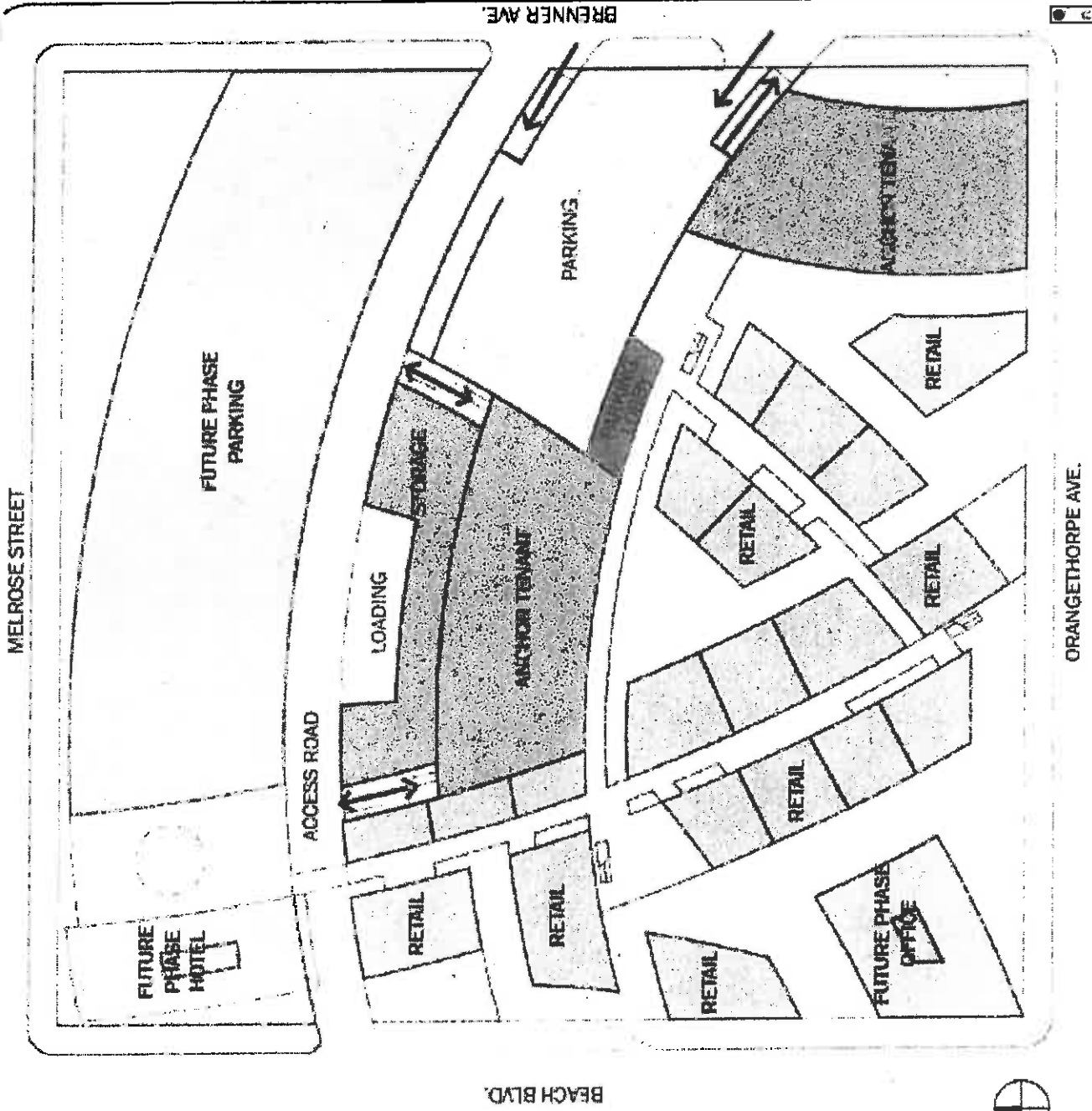
FLOOR PLAN: LEVEL B1




**buena park/ THE SOURCE**  
 June 22, 2010



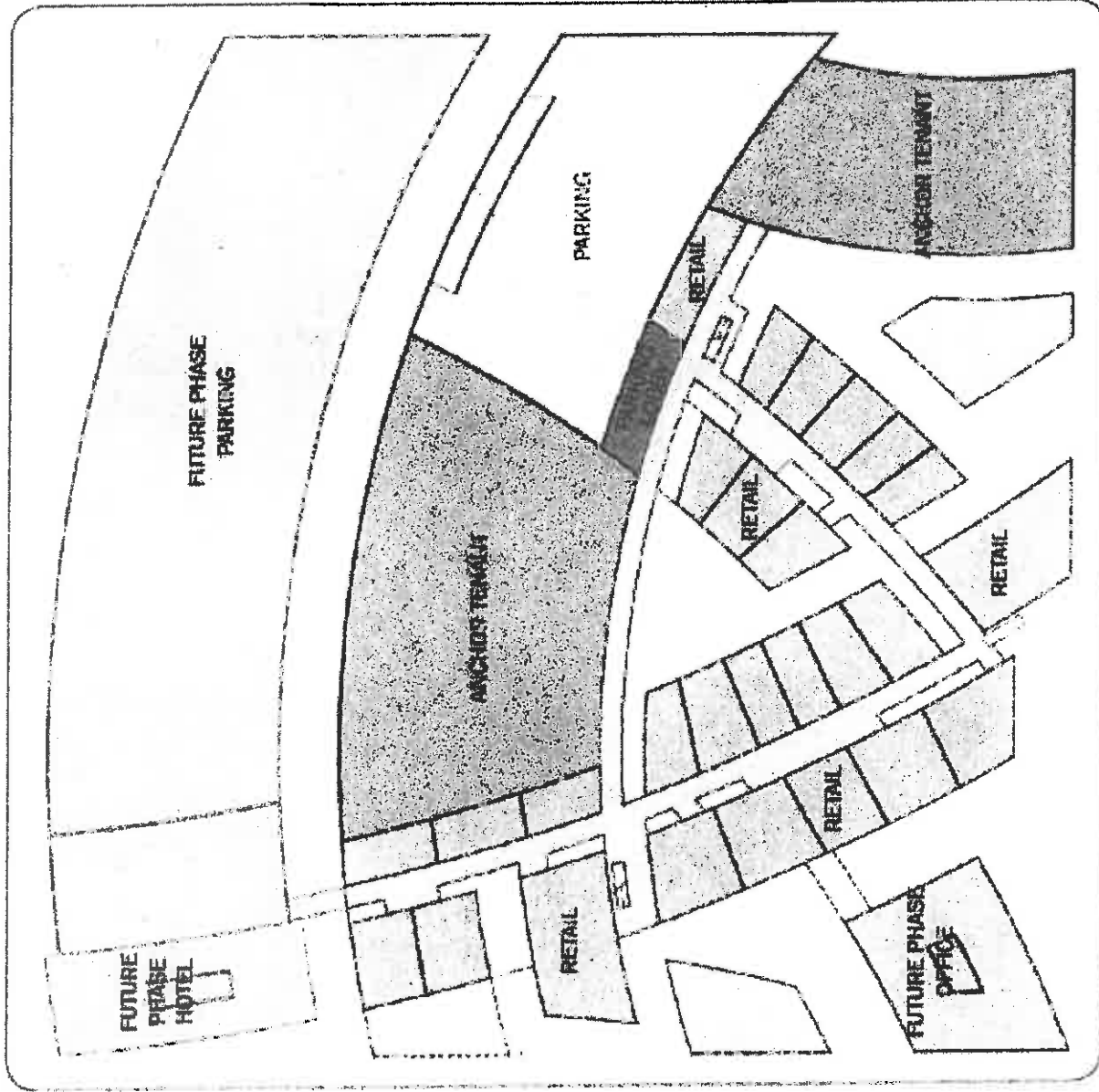
MB ENGINEERS  
 ARCHITECTS



→ VEHICULAR PARKING ACCESS

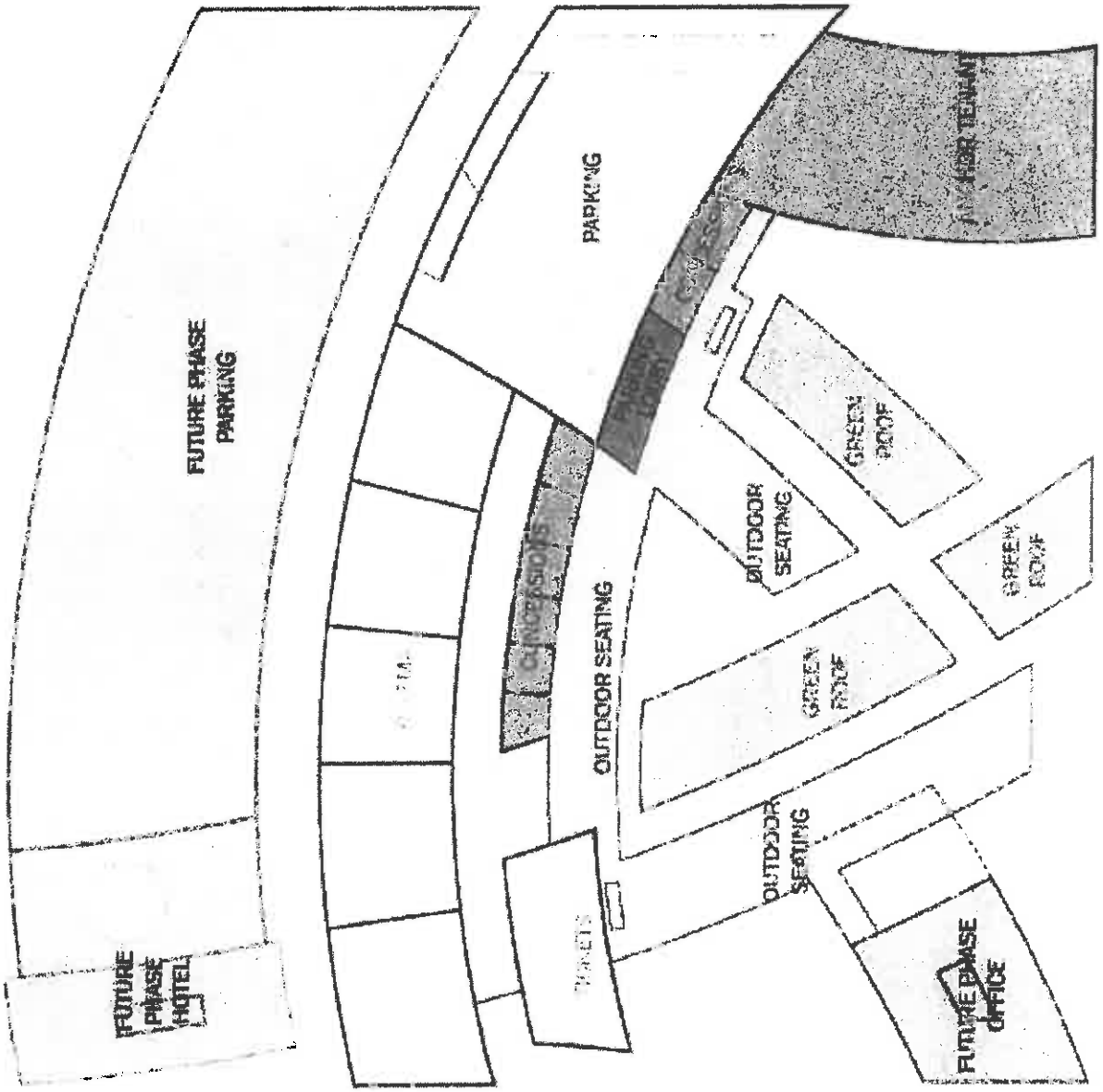
FLOOR PLAN: LEVEL L1





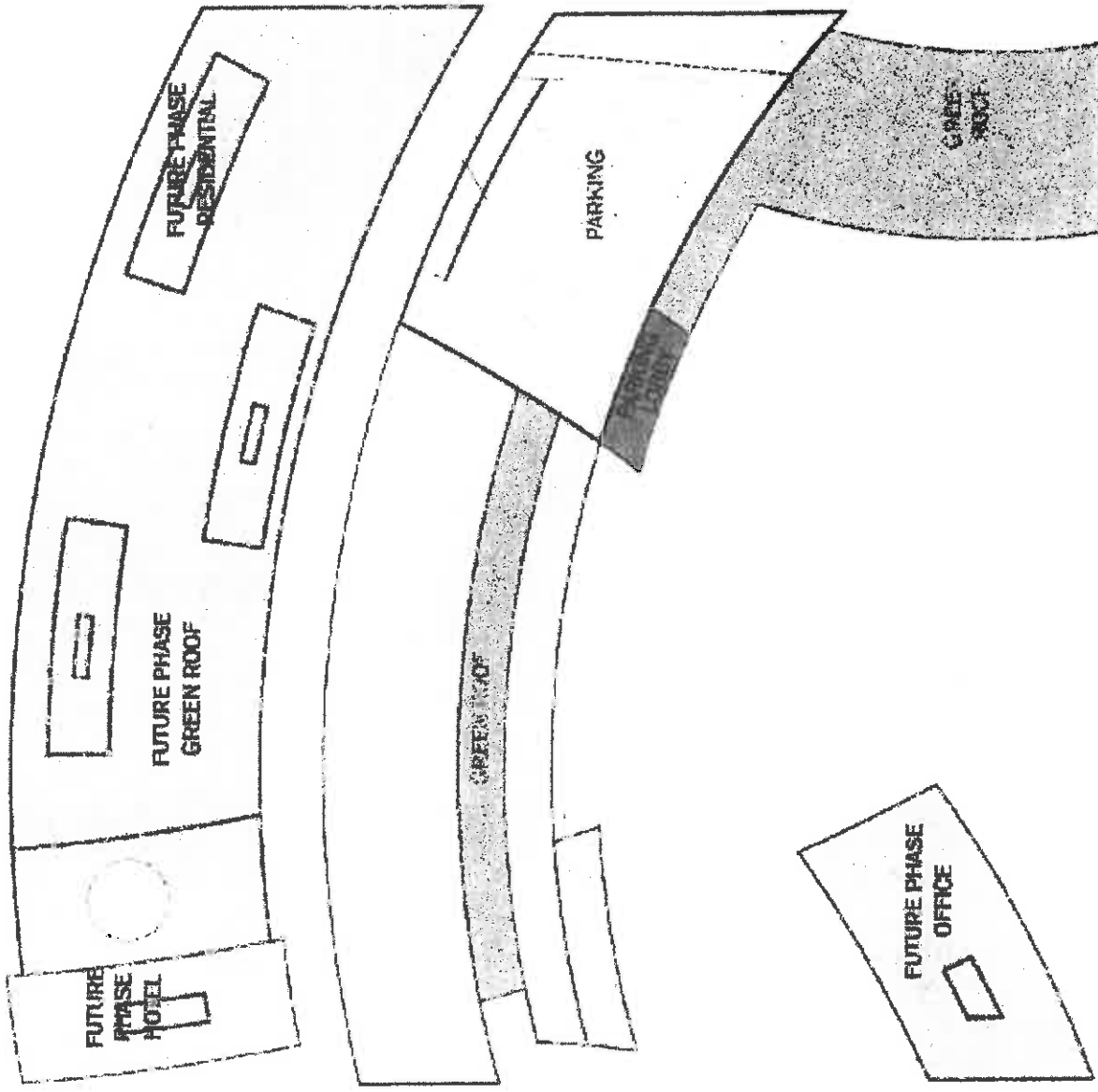
FLOOR PLAN: LEVEL L2





FLOOR PLAN: LEVEL L3





FLOOR PLAN: LEVEL L4





**EXHIBIT "D"**

**FORM OF GRANT DEED**

Recording Requested by, and when recorded return to  
(and mail tax statements to):

Community Redevelopment Agency of the City of Buena Park  
6650 Beach Boulevard  
Buena Park, California 90621  
Attn: Executive Director

Assessor's Parcel Map Number: 276-361-04; and 276-361-05

Exempt from Recording Fees Pursuant to  
Government Code Section 27383

---

**GRANT DEED**

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$0.00; conveyance for no consideration; fair re-use value is zero.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK, a public body, corporate and politic ("Grantor") hereby GRANTS to \_\_\_\_\_, a \_\_\_\_\_ ("Grantee") the following described real property (the "Land") located in the City of Buena Park, County of Los Angeles, State of California:

1. THE WEST 250.00 FEET OF THE SOUTH 259.21 FEET OF LOT 2 IN BLOCK 61 OF BUENA PARK, IN THE CITY OF BUENA PARK, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18, PAGE(S) 50, 51 AND 52, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE SOUTH 170.00 FEET THEREOF.

2. THE NORTHERLY 70.00 FEET OF THE SOUTHERLY 170.00 FEET OF THE WESTERLY 200 FEET OF LOT 2, BLOCK 61 OF BUENA PARK, AS SHOWN ON A MAP RECORDED IN BOOK 18, PAGE 50 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT SHOWN BY PUBLIC RECORDS.

SUBJECT TO, all easements, covenants, conditions, restrictions, and rights of way of record.

1. This Grant of the Land is subject to (i) the redevelopment plan for the Buena Park Central Business District Redevelopment Project Area (as amended from time to time, the "Redevelopment Plan") and (ii) a Disposition and Development Agreement entered into by and between Grantor and The Source at Beach, LLC dated as of \_\_\_\_\_, 2010 (the "Agreement"), the terms of which are hereby incorporated herein by reference.

2. The Grantee covenants by and for itself, its representatives, its successors and assigns and every successor in interest to the Land or any part thereof, that during construction of improvements and thereafter the Land shall not be used or sold in violation of the Redevelopment Plan, and that Grantee and its successors and assigns shall comply with all applicable terms of the Agreement.

3. By acceptance hereof, Grantee agrees, for itself, its successors and assigns, to refrain from restricting the rental, sale or lease of the Land on the basis of race, color, creed, religion, ancestry, sex, marital status, national origin or age of any person in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Land, nor shall the Grantee itself or any persons claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Land. The foregoing covenants shall run with the land.

All deeds or contracts entered into with respect to the sale or other transfer of the Land shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(c) In contracts with respect to the sale or other transfer of the Land: "There shall be no discrimination against or segregation of, any person, or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

The foregoing shall be a covenant running with the land for the benefit of, and as a burden upon, the Land.

4. All covenants contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land adjacent to the Land or interest in such adjacent land or any other land. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies available under the Agreement or at law or in equity. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of the date set forth below.

Dated: \_\_\_\_\_

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF BUENA PARK  
a public body, corporate and politic

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

## **EXHIBIT "E"**

### **LIST OF DOCUMENTS DELIVERED TO DEVELOPER**

#### **Former Franklin Motel- 6950 Beach Boulevard**

- Phase I Environmental Assessment, Franklin Motel Site, prepared for the Community Redevelopment Agency of Buena Park, prepared by SCS Engineers dated June 2007, File No. 01207035.00
- Asbestos Survey for 6950 Beach Boulevard, Buena Park, California, addressed to Mr. Chris Hoang, Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated June 7, 2007, File No. 1207035.00
- Soil Vapor Investigation, Franklin Motel Site, prepared for the Community Redevelopment Agency, prepared by SCS Engineers dated June 2007, File No. 1207035.01
- Final Report of Asbestos Abatement Activities, Franklin Motel, addressed to Mr. Chris Hoang, Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated February 7, 2007, File No. 01207035.02
- Completion Letter for Asbestos Abatement Activities Franklin Motel, addressed to Mr. Chris Hoang, Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated November 29, 2007, File No. 0120735.02

#### **Former Buena Park Car Wash- 6976 Beach Boulevard**

- No Further Action Letter, Buena Park Car Wash, addressed to Mr. Frank Tsui, Owner Buena Park Car Wash, prepared by the California Regional Water Quality Control Board Santa Ana Region dated January 17, 2008
- Phase II Investigation Report Buena Park Car Wash, prepared for the Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated June 27, 2008, File No. 01208046.00
- Inspection Report for Asbestos-Containing Materials, 6976 Beach Boulevard, addressed to Mr. Chris Hoang, Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated July 8, 2008, File No. 1208046.00
- Completion Letter for Asbestos Abatement Activities, 6976 Beach Boulevard, addressed to Ms. Melissa Dhauw, Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated January 8, 2009, File No. 01208046.01
- Clarifier Removal Report, Former Buena Park Car Wash, prepared for the Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated January 29, 2009, File No. 01208046.02

Document that included former Franklin Motel, Former Car Wash and the Valero Gas Station:

Vapor intrusion Health Risk Assessment for the Properties Located at 7751 Orangethorpe Avenue, 6976 Beach Boulevard and 6950 Beach Boulevard, addressed to Mr. Ruben Lopez, The Community Redevelopment Agency of the City of Buena Park, prepared by SCS Engineers dated March 20, 2009, File No. 01208173.02

Documents prepared for Valero Service Station 7751 Orangethorpe Avenue that included information on Former Franklin Motel and Former Car Wash Site:

- Phase II Site Investigation Report Valero Service Station 7751 Orangethorpe Avenue, prepared by SCS Engineers dated February 2009, File No. 01208173.00

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EXHIBIT C	SCOPE OF DEVELOPMENT
EXHIBIT D	FORM OF GRANT DEED
EXHIBIT E	LIST OF DOCUMENTS DELIVERED TO DEVELOPER



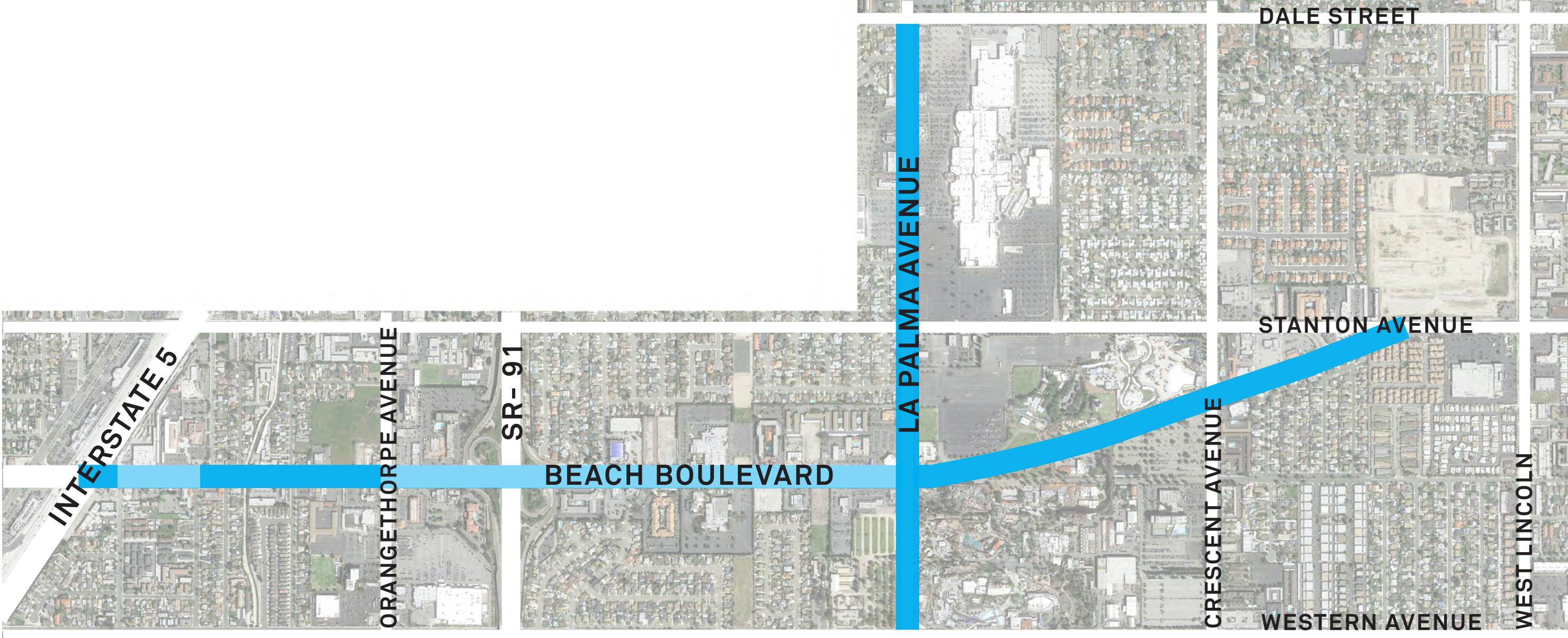


# Beach Boulevard Master Plan and Phase 1 & 2 Design

Presentation to City of Buena Park City Council

July 14th, 2015

# Master Plan Project Area

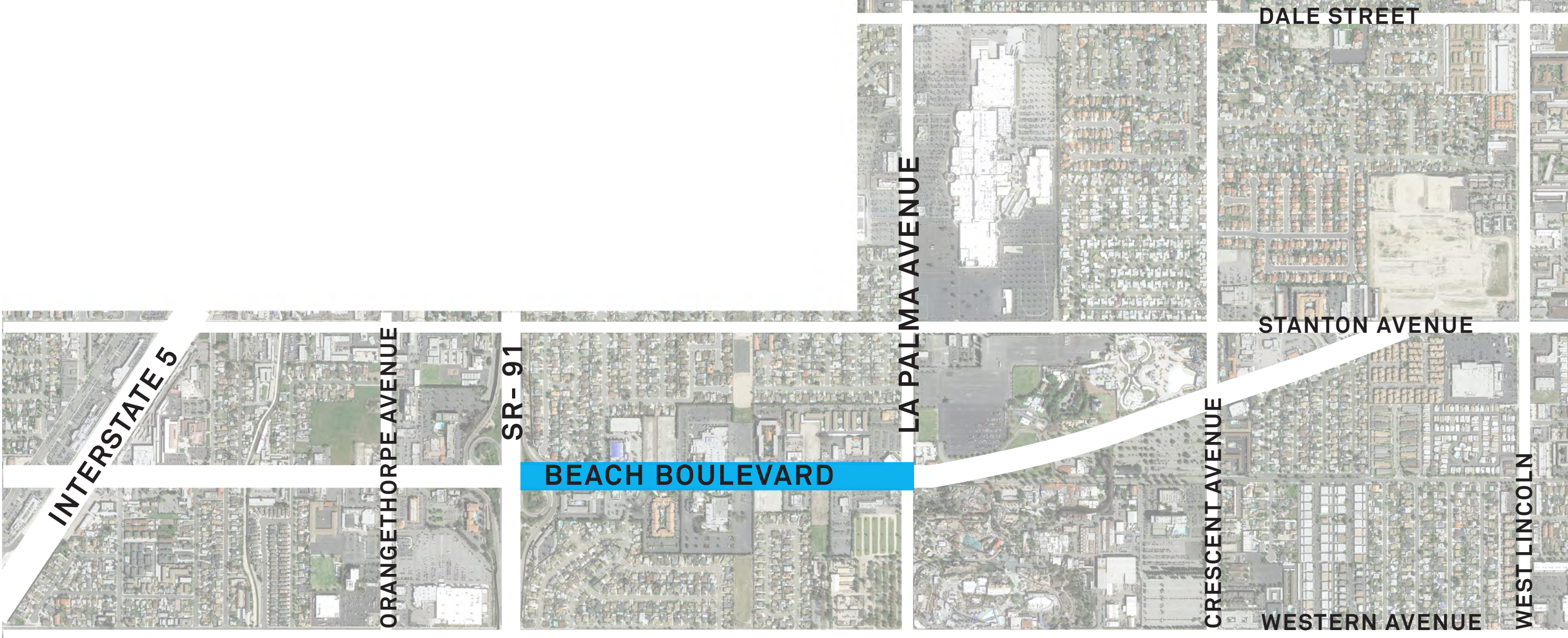


MASTER PLAN SCOPE OF WORK



BEACH BOULEVARD PRIORITY AREA

# Priority Area: Phase 1 Beach Blvd from SR-91 to La Palma



PHASE ONE PRIORITY AREA

# Ingredients for the Wow!



**Signage + Identity**

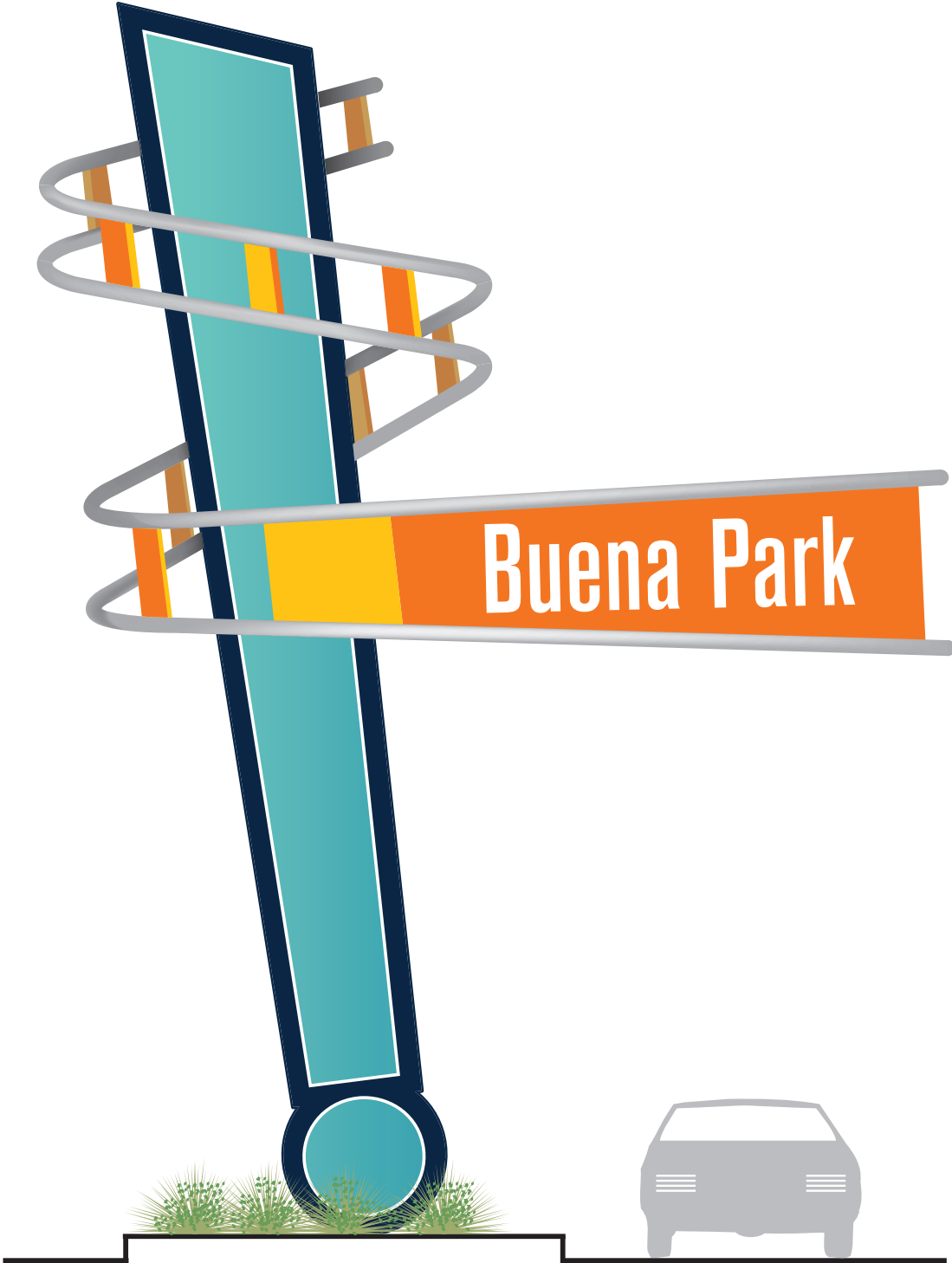


**Planting**

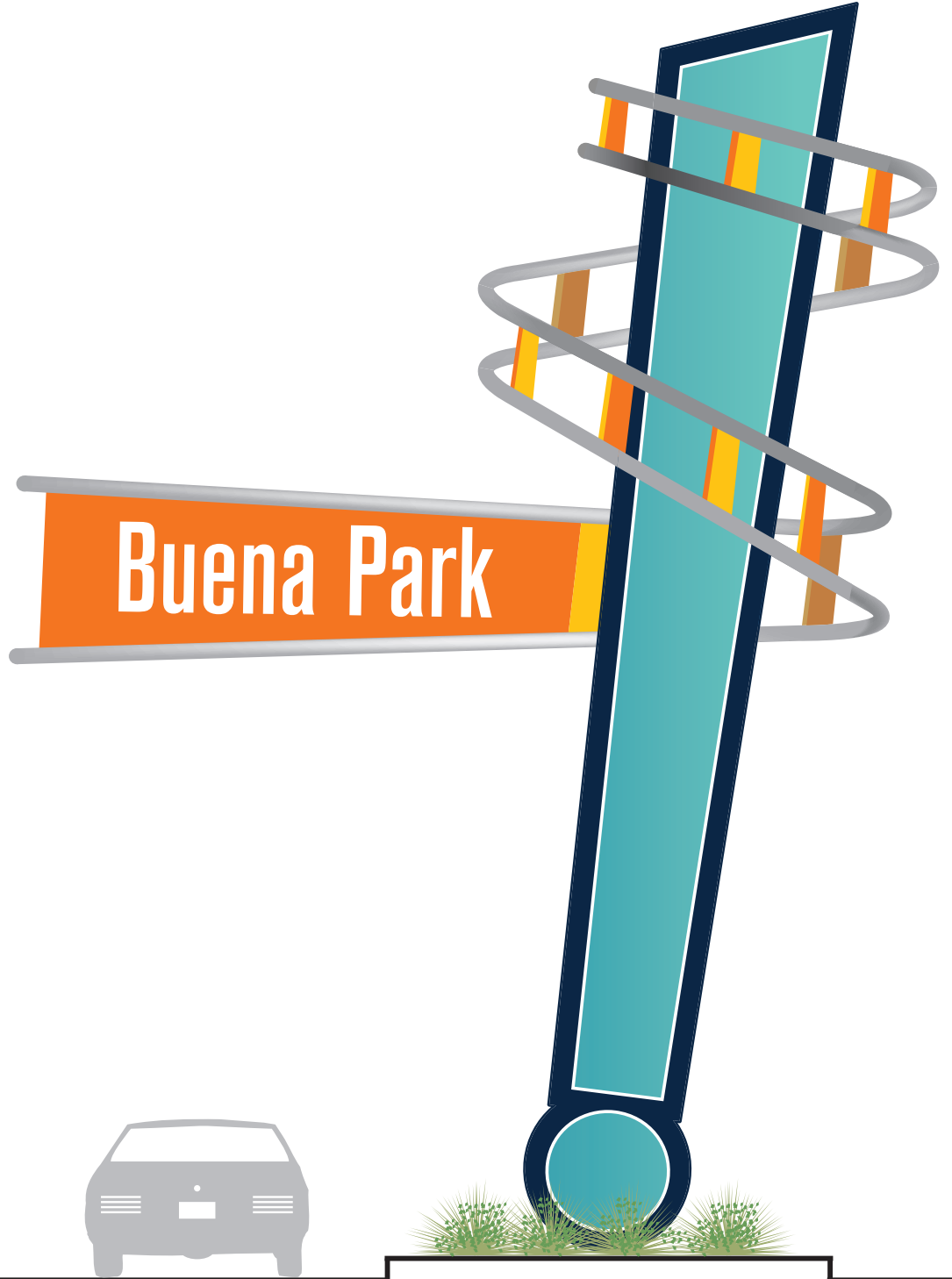


**Lighting**

# Ingredients: Signage + Identity



Gateway Monument (front view)



Gateway Monument (back view)

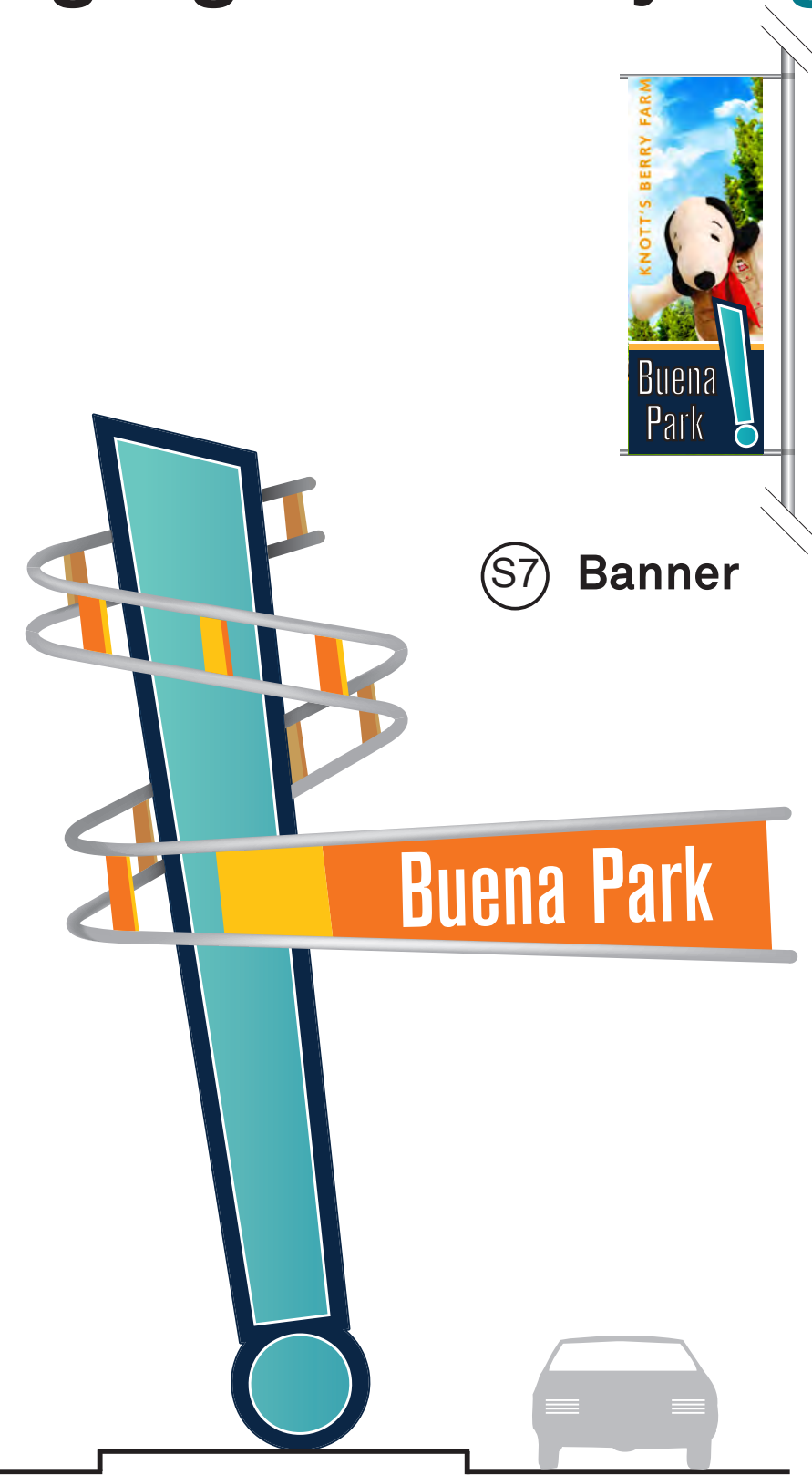
# Ingredients: Signage + Identity



Digital Message Board (front view)



# Signage + Identity: Sign Family



(S7) Banner

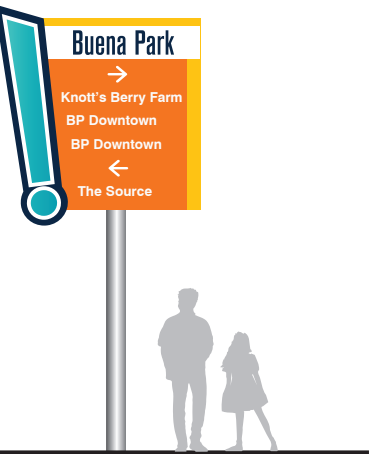
(S4) Gateway Monument



(S3) Vehicular Directional Sign (mounted to existing pole)



(S5) Digital Message Board



(S2) Vehicular Directional Sign

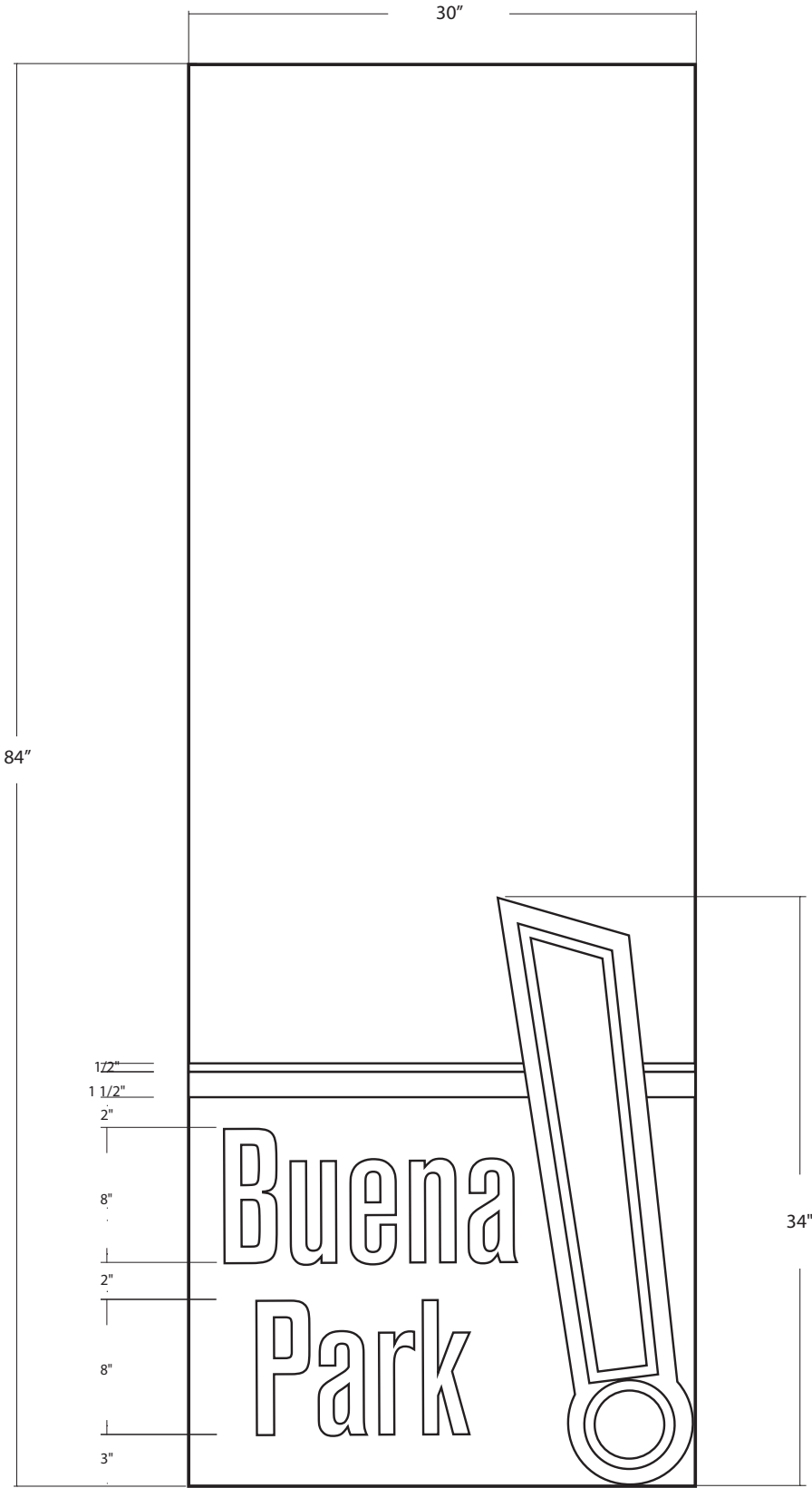


(S6) Vehicular Directional Monument

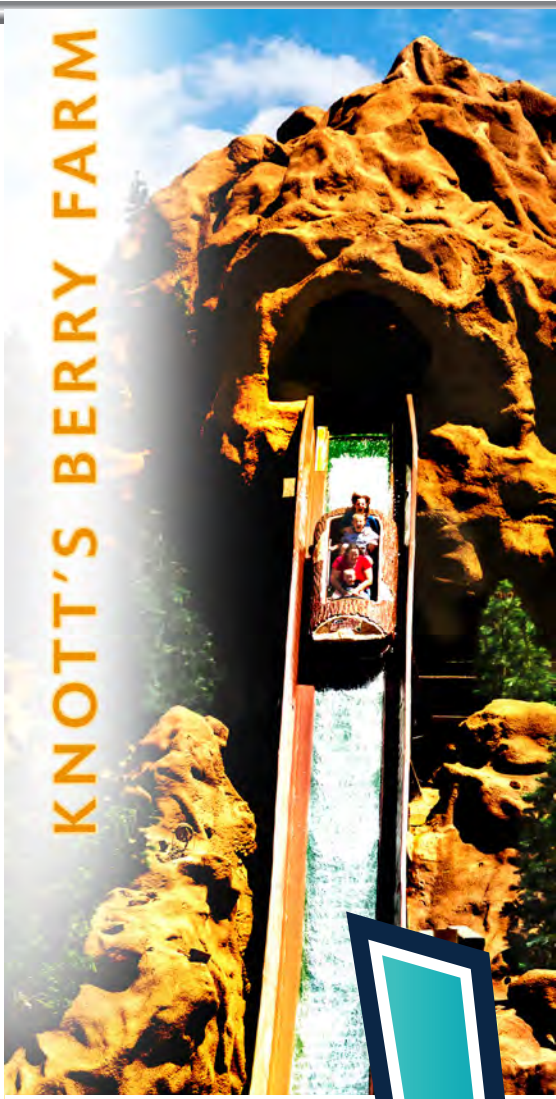


(S1) Pedestrian Directional Sign

# Signage + Identity: Updated Banner Graphics



# Signage + Identity: Updated Banner Graphics



KNOTT'S BERRY FARM

Buena Park


This banner features a vertical photograph of a roller coaster car descending a track through a rocky, cave-like structure. The text 'KNOTT'S BERRY FARM' is written vertically in yellow on the left side. The bottom section is a dark blue rectangle with 'Buena Park' in white text and a teal exclamation mark icon.



PIRATE'S DINNER ADVENTURE

Buena Park

This banner features a vertical photograph of a man in a pirate costume, including a red hat and a blue coat, holding a sword. The text 'PIRATE'S DINNER ADVENTURE' is written vertically in yellow on the left side. The bottom section is a dark blue rectangle with 'Buena Park' in white text and a teal exclamation mark icon.

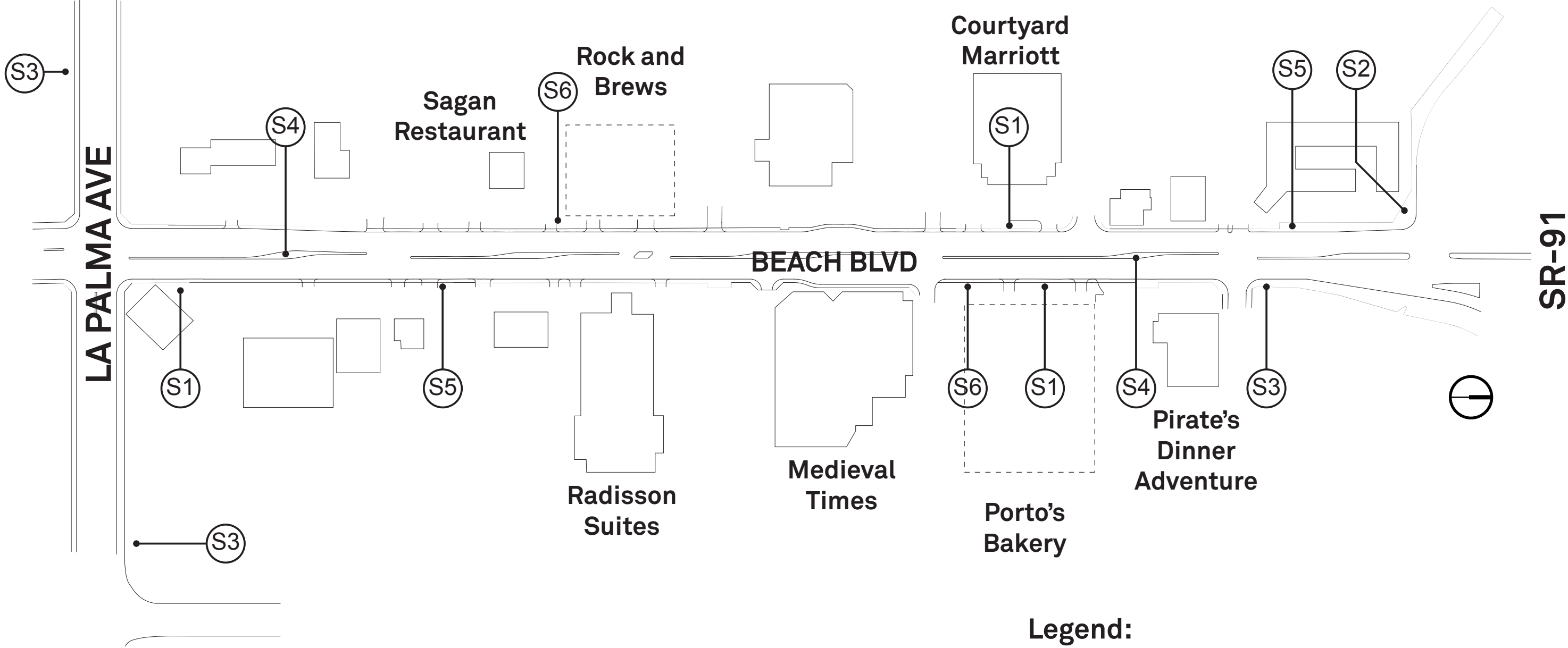


MEDIEVAL TIMES

Buena Park

This banner features a vertical photograph of a knight in blue and gold armor riding a horse, holding a sword. The text 'MEDIEVAL TIMES' is written vertically in yellow on the left side. The bottom section is a dark blue rectangle with 'Buena Park' in white text and a teal exclamation mark icon.

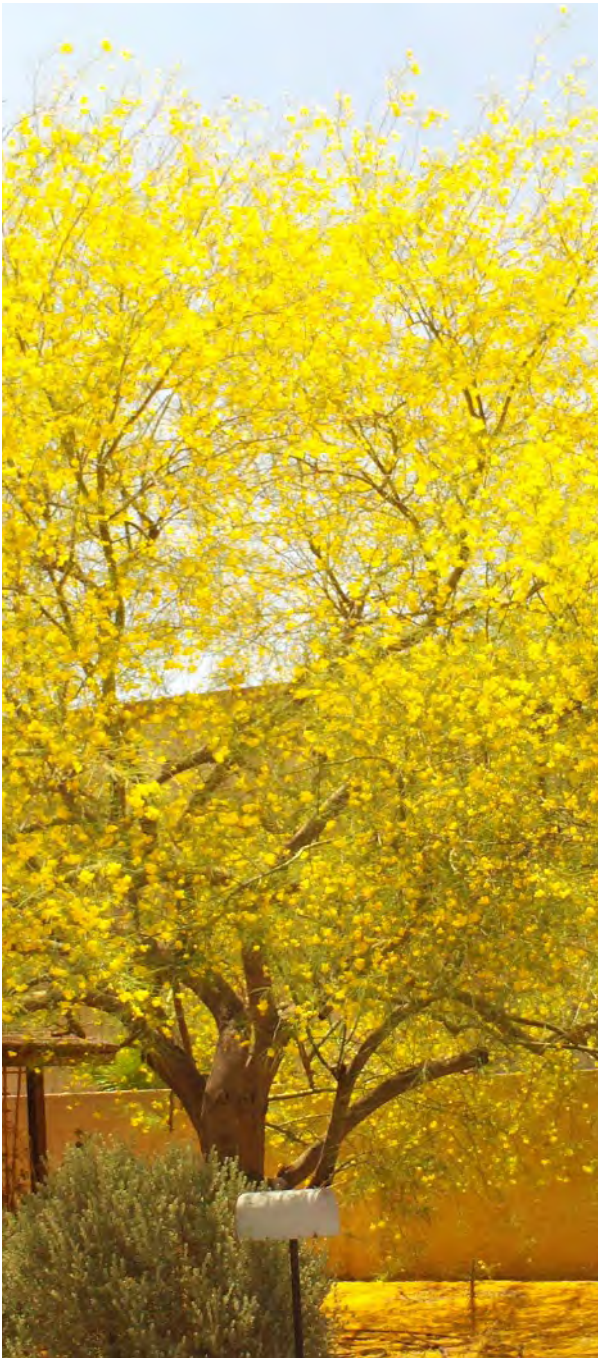
# Signage + Identity: Sign Schedule



**Legend:**

- (S1) Pedestrian Directional Sign
- (S2) Vehicular Directional Sign - New pole
- (S3) Vehicular Directional Sign - Existing pole
- (S4) Gateway Monument
- (S5) Digital Message Board
- (S6) Vehicular Directional Monument

# Ingredients: **Planting**



**colorful + SoCal palette + low maintenance**

# Ingredients: Lighting



# Existing Conditions

91 EASTBOUND OFF-RAMP



# Proposed Improvements

91 EASTBOUND OFF-RAMP



New shrub planting

New fence with vines



# Existing Conditions

91 EASTBOUND OFF-RAMP @ BEACH



# Proposed Improvements

91 EASTBOUND OFF-RAMP @ BEACH

Vines on wall

New shrub planting

Vehicle directional sign

Enhanced median planting



New shrub planting



# Existing Conditions

BEACH BLVD SOUTHBOUND



# Proposed Improvements

BEACH BLVD SOUTHBOUND

Gateway monument

Palm Tree lighting

Updated banners

Enhanced planting



# Existing Conditions

BEACH BLVD SOUTHBOUND



# Proposed Improvements

BEACH BLVD SOUTHBOUND

Gateway monument

Palm trees

Expanded median with improved planting



Buena Park

CAMP BODDY  
Buena Park

Buena Park

BURGER KING

BURGER KING



Exhibit A

RESOLUTION NO. 10092

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUENA PARK MAKING A LOAN TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK FOR PROJECT AREA III AND ESTABLISHING CERTAIN TERMS AND CONDITIONS WITH RESPECT THERETO.

WHEREAS, the City Council of the City of Buena Park has declared that there is a need for a redevelopment agency to function in the City pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.); and

WHEREAS, in order for the Community Redevelopment Agency of the City of Buena Park (the "Agency") to carry out its redevelopment activities, the Agency must have available project funds in which to implement redevelopment projects within the Redevelopment Project areas.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BUENA PARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1: The sum of \$500,000 is hereby appropriated as an operating loan to the Redevelopment Agency Project Funds for Project Area III pursuant to Health and Safety Code Section 33610 as a loan to the Agency to be repaid from any legally available funds of the Agency, with interest from the date hereof to the date of repayment to be determined at the end of each fiscal year based on the yearly average of interest earned on the Agency Investment portfolio. The debt created hereby shall be subordinate to any other indebtedness of the Agency, presently existing or hereafter incurred, for the purpose of fulfilling the redevelopment activities of the Agency.

SECTION 2: The Agency shall file with the City Council a detailed report of all its transactions, including a statement of all revenues and expenditures at such times as this Council shall require, but not less often than annually.



Resolution No. 10092  
Page 2

PASSED, APPROVED, and ADOPTED this 25<sup>th</sup> day of September, 1995, by  
the following vote:

AYES: 4 COUNCILMEMBERS: Boni, Marshall, Brown, Stiffen  
NOES: 0 COUNCILMEMBERS: none  
ABSENT: 1 COUNCILMEMBERS: Sigler  
ABSTAINED: 0 COUNCILMEMBERS: none

John Amis  
MAYOR

ATTEST:

Alcene M. Cain  
CITY CLERK

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted at an  
adjourned meeting of the City Council of the City of Buena Park held this 25th day of September,  
1995.

Alcene M. Cain  
CITY CLERK

Exhibit B

RESOLUTION NO. 11017

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUENA PARK MAKING A LOAN TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK FOR PROJECT AREA III AND ESTABLISHING CERTAIN TERMS AND CONDITIONS WITH RESPECT THERETO

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WHEREAS, in order for the Community Redevelopment Agency of the City of Buena Park (the "Agency") to carry out its redevelopment activities, the Agency must have available project funds in which to implement redevelopment projects within the Redevelopment Project areas.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BUENA PARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1: The sum of \$3.3 million is hereby appropriated as an operating loan to the Redevelopment Agency Project Funds for Project Area III, pursuant to Health and Safety Code Section 33610 as a loan to the Agency to be repaid from any legally available funds of the Agency, with interest from the date hereof, to the date of repayment to be determined at the end of each fiscal year based on the yearly average of interest earned on the Agency investment portfolio. The debt created hereby shall be subordinate to any other indebtedness of the Agency, presently existing or hereafter incurred for the purpose of fulfilling the redevelopment activities of the Agency.

SECTION 2: The Agency shall file with the City Council a detailed report of all its transactions including a statement of all revenues and expenditures at such times as this Council shall require, but not less often than annually.

PASSED, APPROVED and ADOPTED this 9<sup>th</sup> day of October 2001 by the following vote:


AYES: COUNCIL MEMBERS: Marshall, Sigler, Berry, Dow, Brown

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAINED: COUNCIL MEMBERS: None

ATTEST:

  
MAYOR

  
CITY CLERK

RESOLUTION NO. 11017  
Page 2

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted at a regular meeting of the City of Buena Park, held this 9<sup>th</sup> day of October 2001.

  
CITY CLERK

AGYLDW/legency

BPE0065

RESOLUTION NO. 0B-37

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK TO RE-ESTABLISH LOAN AGREEMENTS AS ENFORCEABLE OBLIGATIONS AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

A. The Buena Park Redevelopment Agency (the "Former Agency") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the California Health and Safety Code ("HSC").

B. The City of Buena Park (the "City") made loans (the "Loans") to the Former Agency in the principal amount of \$500,000 pursuant to the City Council's Resolution No. 10092 adopted on September 25, 1995 (Exhibit A), and in the amount of \$3,300,000 pursuant to the City Council's Resolution No. 11017 adopted on October 9, 2001 (Exhibit B) (collectively, such resolutions constituting the "Loan Agreements").

C. The Former RDA used the proceeds of the Loans for costs of redevelopment activities, including the Buena Park Mall and Gordon Square Shopping Center renovation projects.

D. As of the date of this Resolution, \$3,682,149.73 of the principal amount of the Loans remain outstanding and unpaid.

E. Pursuant to AB X1 26 (enacted in June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal.4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency was established, and an oversight board to the Successor Agency (the "Oversight Board") was established.

F. Pursuant to HSC Sections 34171(d) and 34178, the Loan Agreement became unenforceable on the Successor Agency as of February 1, 2012; provided, however, that pursuant to HSC Section 34191.4(b), the Loan shall be re-established and the Loan Agreement shall be deemed to be an enforceable obligation after the Successor Agency receives a finding of completion (a "Finding of Completion") from the State Department of Finance (the "DOF") under HSC 34179.7, if the Oversight Board makes a finding that the Loans were for legitimate redevelopment purposes.

G. The DOF issued a Finding of Completion to the Successor Agency on April 26, 2013.

H. After having reviewed the information relating to the Loans, the Oversight Board wishes to adopt this Resolution, finding that the Loans were made for legitimate redevelopment

purposes and authorizing future repayment of the Loans by the Successor Agency, subject to the requirements of HSC Section 34191.4(b).

I. It is recognized that, pursuant to HSC Section 34191.4(b), the repayment amount authorized each fiscal year for the all loans re-established pursuant to HSC Section 34191.4(b) to be repaid by the Successor Agency to the City shall not exceed one-half of the increase between the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in that fiscal year and the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in the 2012-13 base year.

J. It is further recognized that HSC Section 34191.4(b)(3) provides that 20 percent of each Loan repayment will be deducted and transferred to the Low and Moderate Income Housing Asset Fund established and held by the City as the successor to the housing functions and assets of the Former Agency.

NOW, THEREFORE, the Oversight Board for the Successor Agency to the Buena Park Redevelopment Agency does hereby resolve, determine and order as follows:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The Oversight Board hereby finds that the Loans were for legitimate redevelopment purposes, and the Loan Agreements are an enforceable obligation; provided, that the repayment terms thereunder shall be modified in accordance with the requirements of HSC Section 34191.4(b).

Section 3. The Finance Officer of the Successor Agency is hereby authorized to develop a repayment schedule for the Loans in accordance with the requirements of Section 34191.4(b). Recognizing that the actual dollar amount to be repaid by the Successor Agency for each scheduled repayment is subject to the availability of funds from the Redevelopment Property Tax Trust Fund and the limitations set forth in HSC Section 34191.4(b), the Finance Officer of the Successor Agency is hereby authorized to modify the repayment schedule from time to time based on the requirements of HSC Section 34191.4(b) and the actual circumstances at the time of the modification.

Section 4. The members of the Oversight Board and the officers of the Successor Agency are hereby authorized, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED AND ADOPTED this 27th day of January, 2016 by the following called vote:

AYES: Dhauw, Smith, Berry, Patterson


NOES: None

ABSENT: Williams

ABSTAIN: None

  
\_\_\_\_\_  
Chairperson

ATTEST:

  
\_\_\_\_\_  
Secretary, Oversight Board for the  
Successor Agency to the Community  
Redevelopment Agency of the  
City of Buena Park

I, Shalice Tilton, Secretary of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Buena Park, California, hereby certify that the foregoing resolution was duly and regularly passed and adopted at a special meeting of the Oversight Board for the Successor Agency to the Community Redevelopment Agency of the City of Buena Park, held this 27<sup>th</sup> day of January 2016.

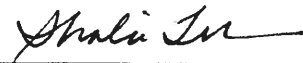
  
\_\_\_\_\_  
Secretary

Exhibit A

RESOLUTION NO 10092

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUENA PARK MAKING A LOAN TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK FOR PROJECT AREA III AND ESTABLISHING CERTAIN TERMS AND CONDITIONS WITH RESPECT THERETO

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PASSED, APPROVED, and ADOPTED this 25<sup>th</sup> day of September, 1995, by the following vote:

AYES: 4 COUNCILMEMBERS: Bone, Marshall, Brown, Siffen  
NOES: 0 COUNCILMEMBERS: none  
ABSENT: 1 COUNCILMEMBERS: Sigler  
ABSTAINED: 0 COUNCILMEMBERS: none

Don Mijori  
MAYOR

ATTEST

Alcene M. Cain  
CITY CLERK

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted at an adjourned meeting of the City Council of the City of Buena Park held this 25th day of September, 1995

Alcene M. Cain  
CITY CLERK



Exhibit B

RESOLUTION NO. 11017

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUENA PARK MAKING A LOAN TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BUENA PARK FOR PROJECT AREA III AND ESTABLISHING CERTAIN TERMS AND CONDITIONS WITH RESPECT THERETO

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PASSED, APPROVED and ADOPTED this 9<sup>th</sup> day of October 2001 by the following vote:

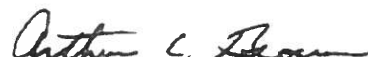
AYES: COUNCIL MEMBERS: Marshall, Sigler, Berry, Dow, Brown

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAINED: COUNCIL MEMBERS: None

ATTEST:

  
MAYOR

  
CITY CLERK

RESOLUTION NO. 11017  
Page 2

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted at a regular meeting of the City of Buena Park, held this 9<sup>th</sup> day of October 2001.

  
CITY CLERK